

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE ELIZABETH LOFTS CONDOMINIUMS HELD ON MONDAY, APRIL 13, 2015 AT 5:00 PM IN THE COMMUNITY ROOM LOCATED AT 333 NW 9<sup>th</sup> AVENUE, PORTLAND, OREGON, 97209.**

**PRESENT:** Rod Brokenshire, Chairman  
Paul Mollomo, Secretary  
Jim Kennedy, Treasurer  
Andreas Anderson, Director  
Jill McAlpine-Andre, Director  
Paul Roelofs, Director  
Tina Tsai, Commercial Director

**BY INVITATION:** Tom La Voie, CMCA CAMP, Community Manager  
Aadrial Phillips, Community Administrator  
Troy Bellis, Building Maintenance Coordinator  
**COMMUNITY MANAGEMENT, INC., AAMC**

**OWNERS:** As indicated on the original sign-in sheet.

**I. CALL TO ORDER**

Chairman Rod Brokenshire called the meeting to order at 5:09 PM.

**II. CPA'S AUDIT PRESENTATION**

Association CPA David Schwindt of Schwindt and Company was present to review the June 30, 2014 audit with the Board. Schwindt stated that the report was delayed due to bank confirmation of year-end balances, but that his company and CMI have worked together to ensure that this is not an issue moving forward. The report is qualified in that some income was renamed due to confidentiality of the settlement with Victaulic. The special assessment occurred in the 2014 fiscal year, but the loan from the replacement reserve was not repaid until after June 30. Schwindt reported that this did not affect the opinion of the auditor. He also noted that the working capital reserve had dipped during the litigation due to the inability of owners to sell their units, but the settlement has allowed sales to proceed, so that fund has evened out. Two doubtful accounts receivable were settled, and only two remain on the books at this time. Schwindt pointed out that at the time of the audit the Association had some money that was not FDIC insured, and urged the Board to look into CDARS programs to rectify that situation. He noted positively that the Association is adhering to the reserve study. In summary, there were no red flags, and the Association is on track. In his representation letter, Schwindt recommended that the Board adopt a Capitalization Policy by resolution: personal property under \$8,000 does not have to be booked as an asset as it would be expensed instead. This is just a formality, as it appears this is the policy that the Board is currently following. The recommended journal entry adjustments relate to the conversion from accrual accounting to cash accounting, and are not out of the ordinary. The CPA opinion is that the financial statement is clean and clearly represents the year-end financial status of the Association. Schwindt thanked the Board and stated that he looked forward to working with them in the future.

III. APPROVAL OF AGENDA

**AGREED:** The Board approved the agenda by consensus.

IV. APPROVAL OF PREVIOUS MINUTES (March 9, 2015)

**AGREED:** Paul Roelofs moved to approve the minutes of the March 9, 2015 meeting as previously circulated. Paul Mollomo seconded the motion, which carried without objection.

V. REPORT OF THE BUILDING MAINTENANCE COORDINATOR

Troy Bellis presented the Building Maintenance Coordinator's report.

**Boiler Replacement:** Bellis reported that one of the four boilers has a failed control board, and has been out of commission for about a month. The board is no longer produced or supported by the manufacturer. This particular boiler has had problems from the beginning; it was a replacement for the one dropped at installation, but was manufactured before the others. All four boilers have the same control board, so this is not a simple problem to solve. A search has been made and there is no replacement part available. It may be possible to repair the board, but it would cost \$400 for examination by an independent service provider, and up to \$3,000 to attempt a repair with no guarantees and no warranty. The more sensible solution would be to replace the boiler. The reserve study has boiler replacement scheduled for 2023 with \$200,000 earmarked for replacing all four. The price range for replacement today is \$27,000 to \$32,000 each. Two bids were obtained, American Heating and Portland Mechanical. American Heating was the lowest bid, and they are able to program the new boiler into the system.

**AGREED:** Jim Kennedy moved to approve the American Heating proposal to replace the boiler at \$27,000. Jill McAlpine-Andre seconded the motion, which passed without opposition.

**Peterson Cat Generator Maintenance:** Bellis presented the renewal proposal for the generator service contract. The contract totals \$1,085 per year, which includes a \$369 per year cost increase over last year. The contract was approved by Board consensus.

**Engineered Monitoring Solutions:** A new three year maintenance contract was presented for the building's seismic instrumentation. This instrumentation monitors the structure of the building and records any movement during earthquake activity. The annual inspection fee is \$1,165 with main battery replacements in 2015 at \$355 and back-up battery replacements in 2016 at \$320. This is a \$150 annual increase.

**AGREED:** Andreas Anderson moved to approve the contract renewal with EMS at an annual fee of \$1,165, with battery replacements in 2015 and 2016. Jim Kennedy seconded the motion, which passed without opposition.

**ADSEC Annual Door Inspections:** This contract renewal is a three-year contract to inspect and adjust all of the common area doors and includes a \$50 increase on the third year. Bellis stated that this renewal is a proactive measure to prevent door failure. ADSEC has been the vendor for the past six years.

**AGREED:** Jim Kennedy moved to renew the ADSEC contract at \$600 for the next two years and \$650 for the third year. Andreas Anderson seconded the motion, which passed without opposition.

Gas Main Seismic Upgrade: Portland Mechanical presented a proposal to install a 2" seismic valve on the NW Natural gas main at a cost of \$2,047. This work was recommended in the Earthquake Risk Assessment that was recently presented to the Board. During the work, gas will be off for up to three hours. Bellis recommended that the Board approve the contract, and schedule the work during the Victaulic valve replacement project, since the hot water will be turned off during that work anyway.

**AGREED:** Jim Kennedy moved to approve the proposal from Portland Mechanical in the amount of \$2,047. Paul Roelofs seconded the motion, which passed without objection.

Front Door Refinishing: A proposal from West Coast Finishers was presented for the annual front door oiling. The doors need a deep cleaning, sanding and staining. The work is proposed to take three days at a cost of \$725. This annual maintenance project was approved by consensus.

Davit Cover Refinishing: Bellis alerted the Board that proposals are on the way to refinish the 52 davit base covers that are located on the 4th, 14th and 15th floor decks. The wood structure under the covers has rotted, and they will need to be rebuilt and sealed. One proposal has been received, but Bellis is expecting others.

American Heating: Following the most recent HVAC maintenance inspection, American Heating has identified two leaking Schrader valves on common area heat pumps. One will require replacement at \$350, while the second will cost \$514. The Board approved the repairs by consensus.

USA Mechanical: The lime packs in the boiler condensate drains need to be replaced on an annual basis in order to prevent the cast iron drain lines from corroding. USA mechanical has been providing this regular maintenance for the last two years, and this proposal is for the same cost, \$1,085.

**AGREED:** Andreas Anderson moved to approve the USA Mechanical proposal in the amount of \$1,085. Jim Kennedy seconded the motion, which passed without opposition.

Hughes Electric: Bellis presented the Hughes Electric proposal to replace six batteries in the NAC Panel in the Fire Command Center, the 5th Floor electrical room and the 13th Floor electrical room. The proposal would also replace a defective speaker in unit 1006, all deficiencies discovered in the recent FLS testing. The total price for this service would be \$987. The Board approved this proposal by consensus.

Breezeway Screen: Bellis also presented a proposal from ADSEC to modify the screen shielding the alley between the Buddha Building and Life of Riley. The alleyway has been reported by the new owner of unit 108/109 to attract unsavory characters throughout the day. The screen was installed to prevent access to this area. The Board would like to see additional designs before moving forward with modification of the screen.

Metro Overhead: Bellis presented a proposal from Metro to replace the hardware on the gate outside of the Community Room. The gate receives heavy use, and is showing signs of failure like the garbage area gate. This is the same fix as that performed on the garbage gate. It was noted that the retail tenants should be using the garbage gate since it has been repaired. The Metro bid is for \$1,500.

**AGREED:** Paul Roelofs moved to approve the Metro proposal for new hardware on the Community Room gate in the amount of \$1,500. Andreas Anderson seconded the motion, which passed without opposition.

#### VI. REPORT OF THE CHAIRMAN

Rod Brokenshire gave a brief update on the Griswold Valve replacement project Assessment. La Voie presented a spreadsheet that included all of the repairs associated with the Griswold valves. There are 210 heat pumps total, and seven valves were previously replaced. Those units that were involved in the previous repairs will not be assessed. The total cost of the replacement project was \$60,356.01. The average cost for the 203 units that received replacement valves is \$297.32. The Board agreed that each owner will be assessed a \$300 fee for each heat pump serviced. It was agreed that the fees would be assessed and sent to all of the affected owners with the annual budget approval letter in June, and the assessments would be due and payable prior to August 1, 2015. CMI will draft a letter explaining the assessment and the collection process for Board approval.

#### VII. REPORT OF THE COMMUNITY MANAGER

Insurance Letter: La Voie presented a draft letter from Vern Newcomb to the Elizabeth owners explaining the master insurance policy for the Elizabeth and what each owner needs to know for their own homeowner insurance policy. The letter contains updated information regarding the earthquake coverage and what each owner's agent needs to know about the changes. The draft was circulated prior to the meeting and Anderson provided some suggested changes. La Voie will recirculate the letter incorporating these changes so that each Board member could comment.

Rental List and New Resident Report: La Voie stated that there were two moves into the Elizabeth in the past month, both new owners. The rental waiting list has turned over completely in the past month, and there are currently 50 units rented, which is under the 30% cap. Seventeen owners remain on the approved waiting list, but no one is interested in renting at this time.

2016 Budget: La Voie distributed a 12-month expense report along with a first draft of the 2016 budget. The line item missing at this time is the recommended reserve contribution. Brokenshire, Bellis and La Voie will meet with Kathleen Smith in the near future to update the reserve study and develop the recommended funding level for 2016. Once that number is known, the operating budget and fees can be finalized. La Voie hopes to have a final budget ready for adoption at the May meeting, as the new fiscal year begins July 1.

#### VIII. REPORT OF THE TREASURER

March Financial Report: Treasurer Jim Kennedy reported that March expenses were \$6,213.75 under budget and year to date expenses are \$14,715.59 (-2.1%) under projection. Actual income exceeds actual expenses by \$34,361.51 (5.1%).

**IX. COMMITTEE REPORTS**

COMMERCIAL DIRECTOR: Tina Tsai reported that the new commercial tenant in the northeast corner is under construction and should be open for business around the first of May.

RULES COMMITTEE:

Lawn Mower: Andreas Anderson reported that the push lawn mower remains in the parking space. The Board authorized CMI to send a second letter, and move the lawn mower from the space to building storage. A fine is to be assessed, and if the mower remains in storage beyond one month, CMI is directed to charge the owner rent until it is removed and stored in an appropriate place.

Oversized Vehicles: Another rules issue concerns oversized vehicles parked in tandem spaces in the basement. Pictures were distributed showing the oversized pickup truck extending some six feet into the drive aisle. CMI was directed to send a courtesy letter to the owner citing the rules that vehicles may not extend into the drive aisle, thus restricting the flow of traffic and the use of other parking spaces.

Bicycle Storage: The bike storage room was also discussed. CMISD will propose dates for tagging the bikes, and a date 60 days later for removing those bikes that remain tagged, and therefore considered abandoned.

COMMUNITY AND COMMUNICATIONS COMMITTEE: Jill McAlpine-Andre reported that the Annual Barbecue would be held this year on Sunday, July 26. Paul Mollomo announced that he would not be able to attend this year as he will be in Vermont, but he is willing to share the contact information for obtaining the bratwurst. Jim Kennedy and Vern Baker were identified as possible replacements for Mollomo on the grill.

**X. OLD BUSINESS**

Elevator Flooring: Jill McAlpine-Andre and Rod Brokenshire presented some tile samples from Ann Sachs for the elevator flooring to coordinate with the carpet tiles that have previously been displayed. Flooring replacement will not take place until the Victaulic replacements have all been made. The Board thanked McAlpine-Andre for her work in selecting possible flooring materials.

**XI. OWNERS FORUM**

It was announced that the City Design Review Committee would meet on May 7th to review the proposal for the Hampton Inn, which will be located across the street from the Elizabeth. All interested owners are encouraged to attend the meeting. Time and place will be posted prior to the meeting.

**XII. CONFIRMATION OF NEXT MEETING DATE**

The next meeting of the Board of Directors is currently scheduled for Monday, May 11, 2015 at 5:00 PM in the Elizabeth Lofts Community Room.

**XIII. ADJOURNMENT**

There being no further business, the meeting was adjourned at 7:27 PM.