

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE ELIZABETH LOFTS CONDOMINIUMS
HELD ON TUESDAY, JANUARY 18, 2022, AT 5:00 PM VIA ZOOM ELECTRONIC VIDEO
CONFERENCING FORMAT**

PRESENT: Brenda Peterson, Chair
Jim Kennedy, Treasurer
Paula McGee, Secretary
Steve Rose, Director
Bob Steele, Director
Mark Pauley, Director

ABSENT: Tina Tsai, Commercial Director

BY INVITATION: Karina Haley, CCM, CMCA, AMS, Community Manager
Brian Case, Project Coordinator, Facilities Asset Management
Community Management, Inc., AAMC
Vern Newcomb, American Benefits, Inc.

OWNERS: Denise Ambrosio, Janice Cooper, Joe Durant, Ted & Leila Falk, Forrest Gist, Jeff Ghitelman, Michelle Heckman, Theresa Jankus, Lucy Karter, Carole Rhoadarmer, Ezra Rabie, Larry Rosenblum, Barbara Shimek, Ben Tribelhorn

I. CALL TO ORDER

Chair Brenda Peterson called the meeting to order at 5:04 PM. Brenda offered a special welcome to new Board Member Mark Pauley.

II. APPROVAL/AMENDMENT OF THE AGENDA

Brenda noted that the following agenda items would be deferred to the February meeting: House Bill 2534 Declaration of Compliance, Surveillance Camera Resolution, Annual Meeting Minutes, and Asset Capitalization Policy.

AGREED: The agenda was approved as amended by consensus.

III. APPROVAL OF MINUTES

AGREED: Paula McGee moved to approve the November 2, 2021 meeting minutes as presented. Mark Pauley seconded the motion, which carried unanimously.

AGREED: Paula McGee moved to approve the December 7, 2021, annual Board organizational meeting minutes. Mark Pauley seconded the motion, which carried unanimously.

IV. INSURANCE RENEWAL

a. Update from Agent Vern Newcomb, American Benefits, Inc.

At the Board's invitation, Vern Newcomb, from American Benefits, attended the meeting to discuss the renewal of the Association's insurance policy, which comes up for renewal on February 1, 2022. Vern provided the following information:

- Vern's firm, American Benefits, has insured the HOA since it received the certificate of occupancy.
- Proposals were requested from eight different carriers for this renewal, but only QBE provided a quote.
- The package policy premium for the coming year will be around \$65,000 for \$94 million in coverage (excluding earthquake coverage). The earthquake premium (full coverage with 5% deductible) is \$207,420. The building's limit for replacement value went up approximately \$2,000, which impacted the cost of both premiums.
- The base policy covers the building, common areas, limited common elements, and the inside of the units including betterments and improvements. The deductible is \$25,000.
- Vern noted that there is optional flood coverage available for an additional premium of around \$14,000. For a building such as The Elizabeth Lofts, which sits farther back from the river, this is optional coverage but may be prudent in a situation where there are mechanical systems in the basement that might be negatively impacted by flooding.
- The package policy includes liability coverage with a \$1,000,000 limit for slips/trips/falls in the common areas. The Association typically purchases an additional umbrella policy with a \$25,000,000 limit.
- There is also Directors and Officers (D&O) coverage in the amount of \$1,000,000 which would address any allegations of mismanagement. This covers the current Board members, any prior Board members, and any committees or volunteers working at the direction of the Board.
- The crime/fidelity coverage protects the Association's funds, including the reserve and operating accounts, from any embezzlement. This portion of the policy covers the Board members, volunteers, employees, and the management company. The policy includes computer fraud, and the limit is set based on the reserve balance + three months operating expenses. The amount of coverage should be reviewed each year and adjusted to make sure it offers the Association sufficient protection.
- The workers' comp policy covers anyone working at the direction of the Board, including the Board members, volunteers, committee members, or contractors, who have a work-related injury on the property.
- There was a 3% increase on the package policy, a 9% increase on the earthquake premium, a 21% increase on the umbrella package, a slight increase for workers' comp, and the premium for the Directors & Officers and Crime policy was flat.
- Vern reviewed the Association's options and the impact to the premium of adjusting coverage amounts. The Board reviewed earthquake coverage options ranging from \$50 million up to \$94 million with 5% and 10% deductibles.
- Water ensuing damage coverage is provided for under the earthquake policy.
- The seismic risk evaluation report done in 2015 showed the potential maximum loss for The Elizabeth Lofts at approximately 15% of the building replacement value.
- Vern suggested keeping the deductible as low as possible (5%) and lowering the coverage level if cost savings are desired. He anticipates the market continuing to trend up in the future.

MOVED: Bob Steele moved to keep the insurance coverage as is for the full ratable limit (including \$94 million in earthquake coverage with a 5% deductible) for a total annual premium of \$282,000. Brenda Peterson seconded the motion. Bob Steele, Brenda Peterson, and Paula McGee voted in favor of the motion. Mark Pauley, Jim Kennedy, and Steve Rose voted against the motion. The motion did not carry. Bob Steele said that he could support the purchase of \$50 million in earthquake coverage with 5% deductible.

AGREED: Mark Pauley moved to approve the purchase of \$50 million in earthquake coverage with 5% deductible for a total annual premium of \$231,318. Jim Kennedy seconded the motion. Mark Pauley,

Jim Kennedy, Steve Rose, and Bob Steele voted in favor of the motion, which carried. Brenda Peterson and Paula McGee said they would change their votes in support of the majority vote.

Vern Newcomb will put together a revised unit owner letter explaining the coverages and unit owner obligations for their personal policies.

V. BUILDING COMMITTEE REPORT

Bob Steele reported on behalf of the Building Committee.

- The Committee owes the Board/Association an update on the Victaulic settlement – how many years left in the agreement, how many leaks, etc. Brenda noted that this item would be on the February agenda.
- Steve is working on the electrical vehicle charging station program.
- Bob is working on the stop-cock valve replacement project. It is evident from the degraded rubber that is coming out of the fixtures that this is going to be a large project and a concern for all owners. He has received one bid from Northwest Water Stop in the amount of \$150,000 and the Committee is still waiting for a second bid from Gagliasso Plumbing. It still needs to be identified which part of the reserve funds this expense should come from or whether it would require a special assessment.
- The Committee is still working on finalizing 2021 scheduled reserve items. Their goal is to get the HOA past reactive maintenance and move toward a preventative maintenance program.
- ELEC has been making progress on the elevator landing signage.
- A generator battery failed. Per Brian Case, both batteries will be replaced at the same time for ease of tracking, though only one has failed at this time. The cost is expected to be approximately \$1,000.
- The Committee has obtained a bid from Hughes Electric in the amount of \$1,400 to install a motion sensor shut off for the ozone generator so it turns off while someone is in that space.
- The cleaning and painting project in the mop/restroom area is expected to cost around \$2,000.
- The Board will be considering renewal of the HVAC preventive maintenance contract, which includes fan inspections and fan belt replacements, among other items (annual cost around \$10,000).
- Still working on reviewing how to move forward with trash chute cleaning, camera replacement, and reconciliation of reserve study.

Brian Case:

Brian noted that the proposed HVAC maintenance contract, when compared to the prior vendor, saves around \$612 annually. The major benefit, however, is moving to one vendor to handle the entire mechanical system as USA Mechanical is already servicing the boiler system.

Proposals for Board Consideration:

Generator Batteries - The Board reviewed a proposal from Peterson Power Systems in the amount of \$936.86 for two replacement batteries.

AGREED: Bob Steele moved to accept the proposal from Peterson Power Systems for generator battery replacement in the amount of \$936.86. Paula McGee seconded the motion, which carried unanimously.

Ozonator Control – The Board reviewed a proposal from Hughes Electric in the amount of \$1,391 to install a relay circuit and motion sensor switch to ensure the ozonator in the trash room doesn't run when residents or staff are present.

AGREED: Bob Steele moved to approve the Hughes Electric proposal for installing a relay circuit and motion sensor for the ozonator in the amount of \$1,391. Paula McGee seconded the motion, which carried unanimously.

Painting Storage Hallway – The Board reviewed a proposal from West Coast Finishers in the amount of \$1,926 to paint the storage hallway.

AGREED: Bob Steele moved to approve the West Coast Finishers proposal for painting the storage hallway at a cost of \$1,926. Steve Rose seconded the motion, which carried unanimously.

HVAC Preventative Maintenance Contract – The Board reviewed a proposal from USA Mechanical for the annual HVAC preventative maintenance contract in the amount of \$10,288 with quarterly visits. The current vendor is American Heating.

AGREED: Bob Steele moved to approve the HVAC preventative maintenance agreement with USA Mechanical at an annual cost of \$10,288. Jim Kennedy seconded the motion, which carried unanimously.

The management team will issue a letter of cancellation to American Heating notifying them of the contract's termination.

VI. REPORT FROM THE COMMUNITY MANAGER

b. Financial Statement

Karina Haley reported that, in the month of November, expenses were \$4,677.19 over projection. The year-to-date variance to budget is \$6,026.62 (1.2% over budget) and income exceeds expenses by \$8,636.44. Checking account balance is \$1,001.12; working capital balance is \$127,039.66; and the replacement reserve balance is \$1,632,810.45. The Board requested continued tracking of expenses related to Brian Case's department as both line items are over budget.

The Columbia Bank account has a balance of \$2,900 as most of the funds were recently transferred to the US Bank account. It was suggested that the account be closed to consolidate funds and avoid monthly maintenance fees. The Board unanimously agreed that Jim Kennedy is authorized to proceed with closing the Columbia Bank account and transfer the \$2,900 balance to the Fidelity or US Bank accounts. There was a brief discussion of CDARS and FDIC insured requirements for association funds.

c. Architectural Review Applications

Brenda Peterson reported that the Board is current on all architectural review applications with the exception of a request from unit 405 to install a T connector in their patio gas line for an outdoor fire pit. CMI will request clarification on the request and will forward the additional information to the Board.

VII. REPORT OF THE CHAIR

No report.

VIII. REPORT OF THE TREASURER

No report.

IX. REPORT OF THE COMMERCIAL DIRECTOR

No report.

X. REPORT REGARDING ELECTRIC VEHICLE CHARGING STATIONS

Steve Rose reported that the existing infrastructure in the building allows for 12 electric vehicles to be charged. As there may be a future desire for many owners to purchase and charge electric vehicles, a solution is needed to accommodate as many owners as possible. The goal is to utilize a third party, such as OpConnect, to consolidate load sharing, increase amperage capacity, and monitor power usage. This will allow 36-48 owners to install charging stations. Steve Rose and Brenda Peterson have drafted a new agreement specifying the conditions that must be adhered to for owners wanting to install a charging station through OpConnect (\$1,200 cost to the owner). Currently, two owners have installed OpConnect charging stations. There are two other owners who have installed 240-volt lines in the garage with no metering to monitor usage. They will need to install OpConnect charging stations. Unit 511 (parking space #327) has a 240-volt line installed by the previous owner and the new owner is not utilizing it at this time, so it needs to be capped. The owner of unit 1006 (parking space 234) also has a 240-volt line which he is using. He is considering relocating so he will be given a three-month deadline in which to purchase a charging station from OpConnect or the line will be capped. The owner of parking spaces 355-356 has a 240-volt line between the spaces but the history of that installation is unknown and requires further research. Owners installing electric vehicle charging stations are required to submit an architectural modification application, purchase a charging station from OpConnect, and sign the EVCS charging agreement.

AGREED: Steve Rose moved to approve the Electric Vehicle Charging Station agreement as presented and to identify OpConnect as the approved charging station vendor for the building. The motion was seconded and unanimously approved.

XI. COMMITTEE REPORTS

d. House Rules

Nothing to report.

e. ELEC

Larry Rosenbaum reported on behalf of the Committee. ELEC will be offering a Zoom presentation on the psychological impact of natural disasters on January 25, 2022, at 6:00 PM. This will be the first of many talks on related topics including financial security in a disaster, safeguarding medical information, etc. The Committee will be seeking professionals to advise Elizabeth residents on these important topics. An FAQ is being developed for the website, so questions are welcome. The Committee is also revisiting the process of emergency preparedness including water solutions, security, medical triage, and human waste. The Committee's participation in the local Slack network is already paying off as neighboring buildings have been exploring these questions and The Elizabeth Lofts can benefit from their preparation.

XII. UNFINISHED BUSINESS

a. Finalize Asset Capitalization Policy

Brenda Peterson reported that the Asset Capitalization Policy will be deferred to the February meeting.

XIII. NEW BUSINESS

a. HB 2534 Declaration of Compliance

This item is also being deferred to the February Meeting.

APPROVED

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XIV. SAFETY & SECURITY

a. Pacific Patrol

Mark Pauley reported that he, Steve Rose, and Bob Steele have met with two vendors to review security needs for The Elizabeth Lofts in preparation for submitting bids. Mark will gather the contact information for the vendors and provide to CMI for follow-up to request formal bids.

b. Resolution: Surveillance Cameras

Deferred to February meeting.

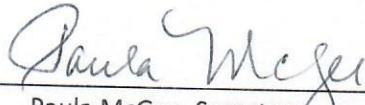
XV. OWNERS' FORUM

Bob Steele apologized to Paula McGee for forgetting to recognize her efforts on putting together the written Building Committee report.

XVI. ADJOURNMENT

There being no further business, the meeting was adjourned at 7:08 PM.

Approved: _____


Paula McGee, Secretary