

PINNACLE MUSEUM TOWER OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
July 13, 2006

REGULAR SESSION MINUTES

**NOTICE OF
MEETING:**

Upon due notice given and received a meeting of Pinnacle Museum Tower Owners Association was held July 13, 2006 at the hour of 6:00 p.m. in the Amenity Room.

ATTENDANCE:

Directors Present: Jim Roberts, President
Chris Eddy, Vice President
Robert Natapow, Treasurer
Apriano Meola, Secretary
Rick Bortolussi, Director

Representing The Prescott Companies was Amanda Montour and Rich Giandomenico.

Approximately 39 members were in attendance at the meeting.

**CALL TO
ORDER:**

Jim Roberts called the meeting to order at 6:05 p.m.

**SPECIAL
EXECUTIVE
SESSION
DISCLOSURE:**

Jim Roberts informed the membership present of the issues discussed and/or acted upon during a Special Executive Session Meeting of the Board which took place on June 26, 2006.

- The Board dealt with three homeowner violation issues.
- Reviewed in more detail the proposed lobby design as presented by Icon Design (owned by Jose Figueroa and Ken Hawkins, Pinnacle residents).
- Acted on two homeowner correspondence letters received.
- Received updates from Management on a legal issue, the proposed amendment ballots, and equipment malfunctions.

**EXECUTIVE
SESSION
DISCLOSURE:**

Jim Roberts informed the membership present of the issues discussed and/or acted upon during an Executive Session Meeting of the Board which took place immediately prior to the Regular Session Board Meeting.

- The Board acted on three homeowner hearings addressing violations of the governing documents.

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- The Board addressed those present about the increased incidences of rude and/or threatening behavior toward staff members by residents. Jim Roberts conveyed the distress this not only presents to the Board but all of the employees on site. He requested that owners and residents be vigilant and make every effort to avoid unpleasant episodes and if they see any, attempt as best they can to diffuse them.
- Pinnacle International will be performing repairs to the cooling tower in October. There will be an evening in the next week, weather permitting, when the cooling tower will be taken offline to evaluate steps to be taken during the October shutdown.
- The Board directed Management to reply to Pinnacle International's offer of \$100,000.00 for upgrades to common areas. The Association will be recommending allocation of the funds as follows:
 1. Completion of the current onsite Management office - \$23,898.00 (with a request to the Developer to assist the Association with obtaining a lower cost for the build out)
 2. Installation of Granitex on the plaza level planters surrounding the fountains, the main entrances and the loading dock area. - \$4,449.00
 3. Completion of lobby furnishings and design - \$65,000.00
 4. Any excess funding would be considered for completion of Granitex installation on the pool deck area and to upgrade the lobby restroom - \$6,653.00
- Common area punch list items will be addressed with Pinnacle International at the next interim Board meeting, during the Special Executive Session in approximately two weeks.
- Management provided the members with an update on the purchase of a garage cleaning machine. As of the meeting, Rich Giandomenico has attended two demonstrations and will be at a third early the following week. The research is to ensure the machine purchased will be best suited for the property.
- The reserve study, as performed by Barrera and Company, was presented to the Board for review in draft form. The preliminary findings are that the reserves are currently 52% under what the funding should be for calendar year 2006. More research will be performed by Management and the Developer to determine the accuracy of the report in evaluating the useful life of mechanical systems, etc. If the final report presents a shortfall in funding for the reserves, the Board will be recommending a special assessment to rectify the difference. The members were reminded that this study is still in its first stages. A final and complete study will be made available to every homeowner in the near future.

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- An amendment to the current Management contract was presented for the Board to review and discuss. The Prescott Companies has proposed reducing the current monthly charges to \$15,726.00 reflecting the removal of Richard Amberry's salary and the addition of the Assistant Manager's salary.

Motion: Upon a motion duly made by Jim Roberts, seconded by Chris Eddy and unanimously carried, the Board elected to accept the amendment to the Management contract beginning July 1, 2006 for a period of one year.

- Chris Eddy raised the subject of the budget for the Social Committee. Currently, the budget is not sufficient for multiple community events. As of the meeting, there has been discussion of soliciting a donation from the members to help keep the committee producing events to help promote well being with all the residents. The Board directed Management to send a notice to owners asking them to donate to the Social Committee's fund. Chris also requested a larger budget for the committee be considered for the 2007 budget. The Social Committee will receive in the near future approximately \$3,000.00 from a movie studio for use of the facility, which will be helpful but not adequate to fund more than one additional event. For additional information about the filming, please read below under the "Filming" heading.
- Due to recurring problems, reminders will be sent out in the next newsletter about the following:
 1. No hosing or excess water to be used to clean balconies.
 2. No tipping of the Concierge staff. A 'Holiday Fund' will be available later this year to all residents who wish to give a monetary contribution.
 3. Please keep unit front doors locked even when home.
 4. No speeding in the garage.
 5. Be careful when entering the garage. Make sure to use the remote every time when entering and exiting. Do not follow another person into the garage. There have been problems with the garage gates closing on cars.

**APPROVAL OF
MINUTES:**

Upon a motion duly made by Robert Natapow, seconded by Chris Eddy and unanimously carried, the Board approved the Regular Session minutes of the June 1, 2006 meeting as presented.

**FINANCIAL
REPORT:**

Robert Natapow presented the financial reports for the months of May and June. As of June 30, 2006, the Associations' financial status is as follows:

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	<u>June 2006</u>	<u>May 2006</u>
Operating Balance:	\$ 71,790.91	\$ 36,684.39
Reserve Balance:	\$ 71,020.38	\$ 62,078.94
YTD Delinquencies:	\$ 14,890.50	\$ 11,063.20
Total Assets:	\$ 142,811.29	\$ 98,763.33

Motion: Upon a motion made by Chris Eddy, seconded by Robert Natapow and unanimously carried, the June 30, 2006 and May 31, 2006 financial reports were approved as presented.

COLLECTIONS: No collection actions were reflected for this month's financial activities.

PET OWNERS: The Board was made aware by several letters from homeowners of residents of the property who allow their dogs to relieve themselves in common areas. The Board directed Management to have a note posted in the next newsletter reminding owners to take responsibility for their pets or face serious fines.

REALTOR

LOCKBOXES: Correspondence was received from a concerned homeowner about the current rule prohibiting realtor lockboxes on property for showing rental or sale units. The Resident Concierge and Safety Committee provided the Board with a listing of pros and cons for review.

Motion: Upon a motion duly made by Robert Natapow, seconded by Chris Eddy and unanimously carried, the Board voted to propose an amendment to the current Association Rules and Regulations which would allow lockboxes to be kept in a designated area on property. Management was directed to notify the membership in accordance with California Civil Code. Upon implementation, Management is to have a utility bar installed in the valet cart storage room to store the lockboxes.

WINDOW WASHING

UPDATE: Rich Giandomenico presented an update on the window washing project. The window washing company is close to completing the first wash cycle for this property. Members were asked to please notify the Management Office should they have any questions or comments.

FILMING: The Board received the final contract with Kirkwood Productions to commence the filming of portions of the "Fashion House" on property. The estimated date of filming will be during the week of August 7, 2006. The fees obtained from the company, \$3,000.00 plus any additional administrative costs, will be allocated to the

Social Committee's budget. Residents will be notified of the exact dates and times as the date approaches.

UNFINISHED BUSINESS

RATIFICATION OF PROPOSED

RULES:

Master Key Compatibility – The Board proposed at the April Regular Session Board Meeting to require that all homeowners have their front door locks compatible with the Emergency Master Key, subject to a thirty day comment period. No owner presented comments or dissent before or at the meeting.

Motion: Upon a motion duly made by Robert Natapow, seconded by Rick Bortolussi, and unanimously carried, the Board adopted the policy as stated below:

“All homeowners shall ensure that their front door locks are made compatible to the master key. In the event a unit is not in compliance, there may be potential fines up to \$5,000.00 levied against the Association by the Fire Department for non-compliance. Each unit owner is responsible for reimbursing the Association for such costs.”

Additionally, the Board directed Management to notify the membership of ratification in accordance with state law.

Committee Member Requirements – At the April Regular Session Board Meeting, the Board proposed a rule amendment which would set criteria for service on a committee. Homeowners were notified in accordance with state law. The floor was opened for comment; however, no owner presented comments or dissent before or at the meeting.

Motion: Upon a motion duly made by Robert Natapow, seconded by Rick Bortolussi and unanimously carried, the Board elected to adopt committee member requirements, stated as follows:

“Only unit owners and their spouses shall be permitted to serve on committees, with the exception of the Social Committee.”

Management was instructed to notify the membership accordingly.

Fine Schedule – The Board proposed revising the fine schedule at the June Regular Session Board Meeting. The proposed rule was provided to the membership for a review period of thirty days. No comments were received either prior to or at the meeting regarding the proposed rule change.

Motion: Upon a motion duly made by Robert Natapow, seconded by Rick Bortolussi, and unanimously carried, the Board adopted the rule as drafted. It is listed as follows:

<i>“Hazardous Activities</i>	
<i>(Risk of harm to person or property)</i>	<i>\$500 - \$5,000</i>
<i>Use Restrictions</i>	<i>\$100 - \$500</i>
<i>Vehicle and Parking Restrictions</i>	<i>\$100 - \$500</i>
<i>Unauthorized Improvements to Property</i>	<i>\$250 - \$10,000*</i>
<i>(* Plus the cost of restoring the property to original condition)</i>	
<i>Any Violation of the Bylaws, CC&R’s or Rules & Regulations</i>	
<i>not specifically mentioned.</i>	<i>\$100 - \$500</i>
<i>Trash Chute_Misuse</i>	<i>up to \$10,000.00**</i>
<i>(**A reward of \$1,000.00 is offered to anyone who witnesses and reports unauthorized disposal of construction materials or other debris in the trash chutes leading to full restitution to the Association.)</i>	

The Board will, at their sole discretion, levy monetary fines based on the nature of the infraction on an individual basis for not less than the stated minimum or higher than the stated maximum per violation category.

Fines will be in addition to an assessment levied to reimburse the Association for expenses and costs incurred to bring a unit owner into compliance. Fines for continuing or repeated violations may be doubled at the discretion of the Board.

Four (4) or more violations assessed to a single lot/unit in any six (6) month period may result in an additional fine of up to \$500.00 at the discretion of the Board of Directors.

Management was directed to notify homeowners of the ratification of the rule in accordance with state law.

Submission Procedures and Requirements for Remodeling and Construction (this section appears under the Architectural Guidelines of the Rules and Regulations) – During the June Regular Session Board Meeting, the Board proposed amending the procedures by establishing a fee schedule to defray administrative costs associated with the review and approval process and common area wear and tear expenses on the property associated with remodeling and construction activities. There was no correspondence received no were there any comments presented during discussion from homeowners regarding the proposed changes.

Motion: Upon a motion duly made by Robert Natapow, seconded by Rick Bortolussi and unanimously carried, the Board voted to ratify the proposed fee schedule, listed as follows:

“Reasonable Fees: The Architectural Committee shall have the right to establish a fee for the review and approval of Plans and Specifications, which must be submitted to the Architectural Committee pursuant to the provisions of the Declaration. The Architectural Committee may also require an Owner to pay any fees, costs or expenses associated with the review and approval of the Owner’s Plans and Specifications by an Outside Consultant or any costs associated with the review of the Plans and Specifications by any architect on the Architectural Committee and various refundable deposits must be provided to cover possible wear and tear to common areas.

The fees are established as listed below:

<i>No fee/cost or deposit</i>	<i>Selected Pre-approved minor improvements (as prescribed by the Architectural Committee)</i>
<i>\$50 - \$250 (up to \$500 refundable deposit)</i>	<i>Minor Improvements (as prescribed by the Architectural Committee)</i>
<i>\$250 - \$1,000 (up to \$2,500 refundable deposit)</i>	<i>Moderate Improvements</i>
<i>\$1,000 - \$5,000 (up to \$5,000 refundable deposit)</i>	<i>Major Improvements”</i>

Additionally, Management was directed to notify the membership of the amendment to the rule in accordance with state law.

**TRASH ROOM
LIGHTS:**

The Board reviewed the proposal from Southland Electrical, as requested at the April meeting, to install individual photo cell light sensor in each trash chute room. The estimated cost per floor is \$100.00, including installation, for all thirty three floors. After review and discussion, the Board recommended tabling this item for future review. Members are encouraged to turn off the lights as they exit or whenever they encounter one on to help save the association in electricity costs.

**HVAC MAINTENANCE
PROPOSAL:**

This item was tabled for a later date, pending further review.

NEW BUSINESS

MECHANICAL ENGINEERING

PROPOSALS: This item was tabled for the next regularly scheduled monthly meeting pending an additional proposal from a third company.

CLIMATEC AUTOMATED

WORKSTATION: This item was tabled for a later date, pending further review.

GLASS TABLE

TOPS: The Board directed Management to proceed with the repair of the Boardroom table and Amenity Room tables and the purchase of protective glass table tops to prevent any future damage.

WASHING MACHINE

HOSES: Jim Roberts initiated discussion with the members present about the potential water damage issues which can be caused by faulty rubber hoses attached to the valves of an owner's washing machine. Jim recommended amending the Rules and Regulations to require homeowner's change the current rubber hosing to a higher quality metal mesh hose that will be less likely to leak.

Motion: Upon a motion duly made by Robert Natapow, seconded by Chris Eddy and unanimously carried, the Board decided to propose an amendment to the Rules and Regulations requiring a mandatory change of all washing machine hoses from the rubber style to the metal mesh. Management was instructed to notify the membership in accordance with state law. Additionally, Management is to contact Fox Mechanical to obtain a per unit cost to perform the changeover. Each owner who does not have the mesh hoses will be charged for the cost of the replacement hose and labor.

**HOMEOWNER
FORUM:**

The floor was opened to the membership for questions and comments. There were a few comments presented:

A petition by fifteen homeowners was received just prior to the meeting addressing concerns about accepting the proposed lobby design as presented by Icon Design without competitive bidding. Jim Roberts advised the homeowners present that the Board had discussed Icon's proposal in depth during the Executive Session and was satisfied that it offers all design services and products at no profit or greatly reduced profit such that the fair market value is close to \$100,000.00 versus a contract bid of \$65,000.00. The Board has already presented the design to the Association at the April 20, 2006 Regular Session Board Meeting and intends to go

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forward with the design and the Icon contract if and when Pinnacle, LLC agrees to provide the \$100,000.00 previously referenced. (See Executive Session Disclosure re: Pinnacle International's offer)

ADJOURNMENT: With no further business to come before the Board, the meeting was adjourned at 8:14 p.m. The next open session Board meeting will be scheduled.

ATTEST: _____

DATE: _____