

PINNACLE MUSEUM TOWER OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING

September 20, 2006

REGULAR SESSION MINUTES

**NOTICE OF
MEETING:**

Upon due notice given and received a meeting of Pinnacle Museum Tower Owners Association was held September 20, 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 Cynthia Gibson,
Amanda Montour and Rich Giandomenico.

Approximately 45 members were in attendance at the meeting.

**CALL TO
ORDER:**

Jim Roberts called the meeting to order at 6:04 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 September 14, 2006.

- The Board met with a homeowner.
- The Board reviewed and discussed an insurance claim from December of 2005. Prior to taking any additional action, the Board is awaiting word from the developer as to the status of their discussions with Fireman's Fund regarding the claim.
- Management presented the Board with a preliminary overview of the budget and financial standing of the community as the property moves toward its second year in operation.
- The Board discussed the status of the proposed CC&R amendment vote tally. Management was instructed to contact owners who had not cast a vote to date, via telephone or mail, to request a completed ballot be submitted as early as possible.
- The Board reviewed a signage proposal as presented by Union Bank, the tenant of the commercial unit located on the corner of Market and Front Street. The Board requested the tenant revise the proposed signage plans to include no

signage above the large metal canopy, and the awning is of the same size, shape, color and style as what is currently installed at the Pancake House.

**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 met with the Association's insurance broker, Robyn Thaw of HRH, to review and discuss the annual renewal of the Association's insurance program. The Board was informed during the meeting that though the Children's Museum has elected to waive the requirement of carrying earthquake insurance coverage for the Parking Structure, the Association's insurance premiums have increased by approximately 30%. The increase is due to the amount, frequency and severity of the claims as they have been filed for the past year. In addition, the deductible for water intrusion claims was increased to \$25,000.00 per occurrence given the fact that the Tower's claim history has occurred mostly from major water intrusion claims thus far.
- The homeowner Board members elected to give Pinnacle International a ten day deadline to resolve the Fireman's Fund claim from December of 2005. Should the developer not decide to handle direct payment to Harbro and the affected unit owners while withdrawing the Fireman's Fund claim, the homeowner members may request the developer's representative's resignation from the Board of Directors as well as begin seeking legal counsel.
- The Board reviewed and acted on correspondence received from five homeowners.
- The annual contracts for maintenance and janitorial services as provided for by ResCom are up for renewal in the beginning of October. The Board reviewed and discussed the increase in hourly rates and found them to be reasonable. The Board unanimously elected to renew both contracts and to continue the excellent level of service as the Association has received over the past year. Additionally, Jorge Zuno and Byron Robinson, of ResCom engineering services, were warmly thanked by the Board and homeowner members present for their wonderful and dedicated service to the community.
- The Board reviewed and discussed the 2007 proposed Annual Budget. Jim Roberts mentioned that the Board was considering holding presentation of the budget until the

October meeting to allow the Finance Committee time to review the budget with Management, line item by line item, to ensure accuracy. However, given a recent homeowner's petition request received shortly before the meeting, the Board asked Management to provide a brief presentation at a later point during the meeting.

The Board also addressed the members present about details brought up in the petition. The Board members wanted to point out that the increase in assessments discussed in the petition of 20% was incorrect, as the current proposed increase would be approximately 13% to 16%. Jim Roberts pointed out that the difference in assessments was not only driven by the Concierge at Large contract. The Department of Real Estate Budget only provided for \$160,000.00 for security and concierge services annually, but proposals for 24 hour security alone prior to the opening of the of the property exceeded the budgeted amount at approximately \$180,000.00 for a single person. The Board informed the members that the true difference in cost for a concierge versus a security officer is approximately \$0.25 per day per unit. Additionally, there are other items which drive the budget increases such as janitorial services and reserve funding.

- The Board also discussed the severity of certain delinquent homeowner accounts. Two in particular reflected non-payment since the beginning of the year and earlier. A motion was later made during acceptance of action against delinquent accounts to suspend the common area use privileges of both accounts in an effort to bring the homeowners into compliance.

PROPOSED 2007 BUDGET

PRESENTATION: Cynthia Gibson, Community Manager, verbally presented to the members present some details about the proposed budget for the next fiscal year. Cynthia informed the members that the budget increase would be approximately 15% to 16% due to the variable items included in the assessments. She pointed out that the original budget did not include a janitorial line item, which now is projected to be \$147,372.00. Additionally, a reserve study was performed through an outside company to determine how the Association's current reserve funding was in relation to the actual life of the components of the property. The company found that the current funding is insufficient. At the current funding rate, the Association is approximately 50% under funded. Should the Association implement one of the proposed increases to bring the funding level up to where it should be, reserve assessments will

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increase approximately \$12,450 per month, which is about \$56.33 per unit.

**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 August 24, 2006 meeting as presented.

**FINANCIAL
REPORT:**

Robert Natapow presented the financial reports for the months of May and June. As of August 31, 2006, the Associations' financial status is as follows:

	<u>August 2006</u>
Operating Balance:	\$ 76,540.77
Reserve Balance:	\$ 88,959.82
YTD Delinquencies:	\$ 21,419.99
Total Assets:	\$ 165,500.59

Motion: Upon a motion made by Chris Eddy, seconded by Robert Natapow and unanimously carried, the August 31, 2006 financial report was approved as presented, subject to the year end audit.

COLLECTIONS: Upon a motion duly made by Chris Eddy, seconded by Robert Natapow, and unanimously carried, the Board directed Management to proceed with the Associations' approved collection policy for the following accounts:

<u>APN #</u>	<u>Balance</u>	<u>Action</u>
535-042-09-08	\$5,911.20	Intent
535-042-09-30	\$1,446.20	Pre-lien
535-042-09-33	\$5,769.40	Intent
535-042-09-34	\$1,353.70	Pre-lien
535-042-11-04	\$1,458.70	Pre-lien
535-042-11-22	\$2,155.40	Lien
535-042-11-23	\$2,255.40	Lien

Additionally, the Board elected to suspend common area privileges for APN # 535-042-09-08 and #535-042-09-33 due to the severity of delinquency on both accounts.

UNFINISHED BUSINESS

Ratification of Proposed Rules – Due to time constraints, this item was tabled for ratification during the October meeting.

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HOMEOWNER

FORUM: There were no issues raised by members present.

ADJOURNMENT: With no further business to come before the Board, the meeting was adjourned at 7:47 p.m. The next open session Board meeting will be scheduled.

ATTEST: _____

DATE: _____