

**MINUTES OF THE VIRTUAL REGULAR BOARD MEETING OF THE
BOARD OF DIRECTORS HELD WEDNESDAY AUGUST 17, 2020**

The President, Mr. Kachigian, called the meeting to order at 1:00 PM stating that a quorum was present. Those in attendance were Karen Perry, Scott Nicoll, Sara Smith and Linda Shenwick via virtual APP Zoom.

The Manager Anthony Diaz was also present. Homeowners present via virtual APP Zoom were: Mr. John Robinson, Ms. Gloria Cady & Ms. Rebecca Schofield.

The President moved "to accept the minutes of the July 15, 2020 Regular Board Meeting as written". Karen Perry Seconded the motion which carried unanimously (5/0).

Homeowner Comments:

Paraphrased: Email sent to the Board from a homeowner. A homeowner is requesting that the Association consider to install a BBQ grill and a bench on the southside of the building.

Treasurer's Report: Karen Perry. The Treasurer gave her report (See attached).

Manager's Report: Anthony Diaz. The manager gave his report to the Board members. (See attached).

Beach Club Report: Phyllis Maas/Linda Shenwick. Nothing to report.

Landscape & Recreation: Karen Perry. L&R Report – Need the Board to decide how we want to vote for the L&R 2021 Operating Budget increase of 6.02% for 2021 during the L&R meeting on August 20, 2020. Karen Perry made a motion "to approve the L&R 2021 Operating Budget increase of 6.02 %". Linda Shenwick Seconded the motion which passed (3/2).

The Capital Replacement Budget for 2021 will remain at \$480,000, same as the 2020 Budget. Karen made a motion "to approve the L&R 2021 Capital Replacement Budget of 480,000 for 2021". Linda Shenwick Seconded the motion which carried unanimously (5/0). L&R 2021 Capital Replacement items list – \$480,000 is attached.

Finance and Budget: Same as Treasurers Report. (See attached).

Facilities Advisory Group: Scott Nicoll. NTR

Landscape Advisory Group: Cheryl Nicoll. NTR

Community Alliance Group: Sara Smith. There will be a meeting on Thursday, the only thing I know is that they finally got through Sandag and that the whole medium strip on Orange Ave has been turned over, and the city is allowing money to have the medium beatified and there will be some major changes next year as far as making everything nice. I'll Probably find out more about the paseo and the bike path during the next meeting.

Seawall & Roadway Committee: John Robinson. We had a meeting and the budget will not increase in 2021 however there will be significant expenditures for that year. The lights for the vehicle bridges are custom made and they should arrive at the end of July and once they arrive the electrician will install the; that was part of the upgrade of the vehicle bridges. The contract for the storm drain issue was approved. The contractor is Downstream and they will proceed with building pump stations because the storm drain outflow that goes to the beach is under 40 feet of sand. This is the only possible solution due to permitting with the city and the cost will be \$25,000. The parking lot asphalt repairs and seal coating and paver cleaning has been approved for \$84,000--10/0. The state contacted the complex regarding the seawall sitting on state property which would require a lease. The Shores at our expense paid for a professional surveying company to conduct a survey. The survey revealed that the boulders are sitting on Coronado Shores property, not state property. Jerry will contact the state and hopefully the issue will be put to rest.

Insurance: John Robinson. The next insurance meeting will be held in October. However, I want to summarize Association Insurance liability since we have an issue with a unit. When the Association damages private property, no matter what the cause and no matter what the private property might be the CC&R's are clear. However, they are counterintuitive. The association of course just cannot wash its hands of damage caused to a unit or other private property due to an association issue, for example leaking pipes that belong to the association or maybe a backed-up drain belonging to the association. It can be anything of course. The association is responsible to restore a unit to the "original condition" as stated in the CC and R's. What this means is exactly that, Navajo White paint, shag rugs, avocado green appliances and dark brown cabinets. None of this was top quality when new, it was junk. The only thing ever put in the units by the builder of high quality was/is the bathtub, nothing else.

Does this mean if we had an association leak an owner could say that the association has to replace the cabinets in the unit with original cabinets? Not really, since you also have to figure in depreciation. After 50 years, nothing in the unit that was original to that unit has any value after depreciation.

For example, a tenant there might wreck a door frame, say the one to the bathroom. You file a claim. The insurance company will pay you almost nothing since the door

frame is 50 years ago and fully depreciated. The owner needs to take the money out of the tenant's deposit.

Back to the association, if a unit is damaged, we have always repaired the drywall either from the damage itself or from troubleshooting by cutting holes in walls in various units. We do not normally paint (remember Navajo White) but sometimes we do if it is a small job and owner is not going to then insist the paint job is poor or does not match the rest of the room. So, this becomes a manager call and the owner provides the paint for work. The manager must sit down with the owner before our staff does any finishing work and set guidelines and expectations. Drywall work is not finished of course.

Accidental or incidental damage to a unit in the course of staff work is not the responsibility of the association to make right. However, depending on the scope, the manager might decide to fix the issue if it is not a major expense and staff is capable of the repair. In certain situations, the manager might decide to engage a contractor to do the work since these situations are not one size fits all and are each unique. That is why we have a manager, to manage these issues. So, someone from the staff dropped a hammer on a tile floor, chipped it, I think the manager should make the call to fix the broken tile. However, if the owner does not have a replacement tile and insists that the entire floor be replaced, then we need to notify our insurer and our attorney.

In no circumstance should the manager or board agree to wrongdoing, agree to pay for damages or pay deductibles. If required by the situation, say threat of litigation or a very angry owner, the owner should be given the name of our insurer, the policy number and our agent. Naturally, if a unit is damaged by association piping or equipment our insurer should be notified and a file opened on the claim immediately.

The manager then can report to the owner it is not a decision the manager can make, it is an insurance issue, and let the two insurance companies work it out and see if we have any costs based on what our insurer has to say as the claim is settled.

Things are usually easier if the homeowner uses Farmer's since our policy is with Farmers, since then there are not two insurers but only one. However, policy costs and other factors mean that many owners have other insurers than Farmer's for Homeowner Insurance. I would also say that if an owner rents their unit, they need to be very cautious and make sure their policy covers renters. Farmers does, but it is very expensive, and most companies do not want to insure short term renters, and if they do, it is expensive coverage.\

Governing Documents & Rules Committee: Linda Shenwick. NTR

House Committee: Next inspection report will be attached and briefed during the September Board meeting.

Disciplinary Committee: Linda Shenwick. The Manager has issued pet rule, bicycle storage and parking violations. Still working on tracking all renters with pets to ensure

the leases are in compliance with the CC&R's and to ensure the pets are registered with the front desk. If we track additional pet rule violators, violation letters will be sent out to the unit owners.

Unfinished Business:

Engineer Study Update. The Manager presented three proposals for a building Engineering study to replace the roof boilers and water heaters. The Manager recommended Walsh Engineering to conduct the study at a cost of \$3,500. Scott Nicoll made a motion "to approve Walsh Engineering to conduct the engineering study at a cost Of \$3,500". Sara Smith seconded the motion which carried unanimously (5/0).

Spectrum Contract Renewal Proposal. Manager. Contract negotiations with Spectrum will be discussed during the Executive Session on 2 September, 2020. Also looking for another proposal from Consolidated Smart System with Direct TV.

Fire pump Installation update. Manager. New fire pump has been installed.


New Business:


Finance Committee for 2021 Budget: Manager presented 3 Budget proposals for 2021 to the Budget Committee (this year the Board) considering 2021 priorities for the installation or upgrade of the Las Flores Camera system, 4 garage doors arm controllers replacement, lobby door replacement and terrace box flowers replacement. Board will discuss personnel compensation during the Executive Session Meeting on September 2, 2020. During the Regular Board Meeting on September 16, 2020 the Board will approve a 2021 Budget including the priorities for 2021.

Next Meeting will be the Executive Session Meeting on September 2, 2020.

ADJOURNMENT:

There being no further business the meeting was adjourned at 2:15 PM.


Sara Smith, Secretary


George Kachigian, President

Treasurer's Report for month ending July 31, 2020

Reserves

Balance brought forward from 2019 \$470,136.53 in the Regular Reserve Fund.

Union Bank Statement ending balance as of 31 July, 2020 \$242,677.55.

CalPrivate Bank Statement Balance as of 31 July, 2020 \$301,106.18.

Currently: 2020

At the end of July there is \$561,135.54 * in the Regular Reserve Fund account, kept in the reserve bank account. See Reserve Funds Account Summary for a complete breakdown of Reserve Accounts. This represents that the Association Reserve is currently at approximately 26% funded level based on the revised Reserve Study Update completed October 2019.

*Includes undeposited reserves funds.

Interest Income

Year to date we have collected a total of \$339.09 in interest. We projected we would receive \$357.00 leaving us under projections at the end of July by \$17.91.

Operating Budget

For the month of July, we budgeted \$124,800.00 for assessment income and we actually received \$124,985.00.

For the month of July, we budgeted \$124,851.00 for expenses and actually expended \$109,534.77 leaving us under projected budget expenditures for the month by \$15,513.15. To date ending July 31st shows that we are currently under projected budget expenditures for the year 2020 to date by \$33,629.75.

Net Ordinary Income to Budget year to date as of July 31st is positive \$33,796.84.

Notes:

Sincerely,

For the Treasurer
Anthony Diaz
Association Manager

Manager's Report:

1. Inspector of Elections have been identified. Mr. Lynn Kovar, Gloria Cady and Mr. Dennis Brokaw is our third party inspector. He will charge the Association a \$50 rate for his services for the 2020-2021 Elections, that rate is better than paying a lawyer at a \$500 rate.
2. Election nomination deadline is August 24, 2020.
3. Replaced fallen stones on exterior walls.
4. Replaced Fire main booster pump and controller.
5. Painted deck outside dumpster room.
6. Replaced battery on dumpster tractor.
7. Repaired terrace sprinkler control box.
8. Replaced and repaired cracked plant sprinkler piping around building. (on-going project).
9. Painted deck in pump room.
10. Painted piping to new fire main booster pump.
11. Installed four 8' flag poles on front of building. Added light to US flag.
12. Had major leak in 8 stack. Found cracked toilet tank in unit 408 hall bathroom. Damage to all units below. Not association responsibility.
13. We had a water shut off to the 3 stack kitchen for repairs in 903.
14. We had a water shut off to the 4 stack for piping repair to 304 washer.
15. Install smoke stop on unit 101 front door.
16. Painted roof equipment room floor.
17. Replaced sign on employee restroom and touched up paint on door.
18. Contacted Consolidated Smart Systems about a proposal for Direct TV. Awaiting response.

MEMORANDUM

August 20, 2020

From: Jerry McDonald, CCAM, PCAM
To: L&R Committee Members
RE: 2021 Capital Replacement Items - \$480,000

Landscape Improvements, South Campus	\$100,000
Irrigation Improvements, Phase 1	\$25,000
Surveillance System	\$75,000
Beach Club HVAC System	\$25,000
Health Club HVAC System	\$25,000
Roeder Pavilion HVAC System	\$25,000
Computer Equipment, Office	\$10,000
Tennis Courts, Resurface #1-6	\$30,000
Tennis Court LED Lights, #2-3	\$28,000
BBQ Grills, All 4 Pools	\$57,000
BBQ Island Improvements, El Camino & Cabrillo	\$20,000
Consulting	\$20,000
Contingency	\$30,000
Pool Heaters	\$5,000
Concrete Repairs	<u>\$5,000</u>
 TOTAL:	 \$480,000