

Ritz Condominium Association

Board Meeting Agenda

**The Agenda for the Board Meeting scheduled for
April 18, 2009 at 11:00am in the Palm Room is as follows:**

- 1. Minutes – 1/31/09 Board Meeting**
- 2. Financial Report**
- 3. Engineers Presentation**
 - Building Corners / Exterior Repairs**
- 4. Open Forum**
- 5. Project Financing**
- 6. Closed Session**

Ritz Condominium Association
April 18, 2009
Board of Director's Meeting

Board Members (Present):

Carol A. Hartman, President

Gordon Pherribo, Executive Vice President
Steve Appelbaum, Second Vice President

Richard Crimi, Treasurer

Vu Con, Secretary

Ritz Staff Members in Attendance:

Brian Smith, General Manager

Dona Hannah, Controller
Jamie Greco, Administrative Assistant

Engineer in Attendance:

Robert Nacheman, Thornton Tomasetti Inc.

Notes:

- All attendees were required to sign in and received a copy of the Agenda, Meeting Minutes from January 31, 2009, and Financial Reports for month ending March 31, 2009. A copy of the sign-in sheet will be kept on file in the Condominium Office.
 - The Ritz Condominium Association held its scheduled April 18, 2009 Board of Trustees meeting in the *Palm Room*. Before the meeting was called to order Carol A. Hartman pointed out Fire Exits, Thanked Michael Reininger for his Piano performance, and Introduced Board Members.
 - Carol A. Hartman, President, called the meeting to order at 11:05. During the meeting, the following transpired:
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- **Approval of Minutes:**
 - Motion to approve the January 31, 2009 Board Meeting Minutes:
 - Gordon Pherribo, Executive Vice President
 - Steve Appelbaum, Vice President
 - All in Favor- All Board Members Present

- **Financial Reports:**
 - Dona Hannah, Controller reviewed the following:
 - ❑ Summary of Bank Balances and Accounts Receivable Balances as of 3/31/09
 - ❑ Monthly Operating Budget as of 3/31/09
 - ❑ 2004/2005 Assessment Budget as of 4/16/09
 - ❑ 2007 Assessment Budget as of 4/16/09

- **Engineers Presentation – Exterior Structure**
 - Carol A. Hartman introduced Robert Nacheman, PE of Thornton Tomasetti Inc.
 - Bob Nacheman PE is a principle with Thornton Tomasetti Inc. (a national engineering firm with core business being structural engineering.) Bobs personal expertise is investigation of existing building exterior walls and roofs. He has worked on many 1920's vintage buildings similar to the Ritz. Bob indicated he was called in to give a second opinion to that of (Jon Rosenkrantz PE) our current engineer. Bob indicated that both engineers generally concur on the issues and problems and that most of the Ritz's problems have been caused by corrosion of the steel columns and beams over the years due to water intrusion. Bob and his associate (Paul Lindeman) visited and conducted a thorough investigation of the exterior of the Ritz. Bob explained some repair techniques such as steel augmentation and brick replacement. Bob set out 10 repair phases and identified the Pacific / Belmont wall as being in the worst condition where repairs should be made within 2 years. The other phases require individual corner reconstruction and work such as "pinning" of the brick and masonry.
 - As a follow up to Bob's presentation, Brian explained the Thornton Tomasetti 10 phase program and the related construction costs. The entire 10 phase program (with yearly cost escalation factored in) is \$4,300,000. Phase 1 (Pacific Tower Wall) which has been described as the most urgent is the most costly phase estimated to be \$1,200,000.
 - We propose to fund Phase 1 as follows: \$400,000 from Corners Account, \$300,000 from our Capital Reserve Account, \$500,000 from a 14% Increase in Condo Fees commencing June 1, 2009. The Increase will fund an Exterior Repair line item.

- **Open Forum**

- M4 (Kaplan) questioned if there are any federal monies available through stimulus package or historical significance. Engineer answered there is not a lot of money in the federal stimulus package for private work.
- M4 (Kaplan) asked what the life was of the 14% increase in the maintenance fee. Will it go away once the phases are complete? Carol A. Hartman answered at this point we do not know until we get into the project.
- M4 (Kaplan) commented on looking into foreclosure on units that haven't paid their assessment. Brian let Kaplan know there are a few foreclosure proceeding in progress and liens have been filed on some units.
- 624 (Kadlubowski) asked the Board to also possibly look into historical grant funding.
- 624 (Kadlubowski) asked how long do we still have to pay for the current Association loans. Brian answered Improvement Loan for windows etc. will be done in 2014. Pool loan is a "wash" with members payments covering the monthly bank payments.
- 1102 (Rankin) asked if there where more causes for corrosion beside roof leaks. Engineer answered walls / corners have cracks allowing for water intrusion.
- M-5 (Collins) questioned how they were going to correct the problem with the corners. Engineer explained we are going to remove all of the masonry (brick) on either side of the corner, weld on steel plates restoring the steel to its original capacity, and put back new brick.
- 428 (Almario) suggested if the Board can consider putting a sliding door as the front door so its easier to maneuver shopping carts, etc. Brian answered, as of right now there is no money for such a change.
- 1021 (Mazza) questioned if the new steel plates will be protected from further corrosion. Engineer answered all steel will get painted with high performance coating system, flashing will be done mostly in horizontal surfaces, outer masonry will be waterproofed

- 1021 (Mazza) informed the Board to look into having events in the Palm Room. Carol A. Hartman informed membership that we needed a new kitchen that there is no money for right now.
- 333 (Gumban) questioned Dona about maintenance fees. Dona answered maintenance fees constitutes all monthly charges to owners.
- 333 (Gumban) inquired about the exterior repairs cost estimate. Brian explained the 10 phases over a minimum of 10 years is estimated to be \$4,312,000.
- 1107 (Mats) asked how bad the structure is ranging from 1 to 10. Engineer answered structure has lost 20% of its capacity. (Mats) wanted the 14% break down. Brian explained the 14% Increase will be on the current budget (condo fee income) amount of \$1,770,000.
- 1404 (Mendosa) identified himself as a new owner and professional engineer. Had numerous comments and questions of Mr. Nacheman re: the structural issues that brought out the following information:
 - ❑ The Ritz has employed 2 different engineering firms (Jon Rosenkrantz and Thornton Tomasetti in its quest to have the structural problems identified and opinions formulated in how to proceed. Both engineers have essentially come to the same conclusions as to the condition of the exterior structure.
 - ❑ Once the Board approves funding for the repairs hard engineering and plans can be authorized.
 - ❑ Engineering, evaluations, and recommendations to date have been based upon thorough inspection of the existing corner under construction, inspection probes, and conditions observed on the exterior of the building. A rational informed judgement of the conditions and remedies has been made based upon the information available and the expertise and experience of the Engineers.
 - ❑ Actual reconstruction remedies for the steel will depend upon its condition as observed when it is exposed and can be assessed by the Engineer.
 - ❑ It is expected that conditions at the other building corners are similar to the conditions found in the Pacific / Belmont corner (currently under reconstruction)

- Corrosion has attributed to an average loss of 20% of the Structural capacity of the steel.
- 1021 (Mazza) thanked the Board and management for taking such a pro active approach and employing competent professionals in dealing with the structural problems and is glad solutions will have a long term life. Happy with pool wireless. Questioned Bath / Locker Room plans. Brian answered there is \$35,000 in budget. Plan on ceilings, HVAC, Hot Water circulation, and Face Lifting.
- M-1 (Kevitz) questioned if any interior damage may be caused from the exterior work planned. Bob Nacheman responded the intention is not to penetrate into the interior.
- 509 (Zielinski) requested that Mr. Nacheman give the membership a tour of the exterior building. Mr. Nacheman volunteered to tour the exterior building with the membership.
- M-4 (Kaplan) Re: rental of Palm Room and upgrading of Kitchen. Brian explained that a professional event person had been brought in to evaluate the Palm Room and facilities. The Kitchen is too small, limited as to expansion, and the room itself needs an expensive facelift. We could be looking at \$100,000 to \$150,000 to create a desirable competitive facility for events. The payback would be years in the future. The economic times and cost to renovate do not make it feasible.
- 524 (Henderson) again revisited the level of outside Accounting review (a compilation) authorized by the Board. Rich Crimi, Treasurer explained that all Condominiums get the “Compilation” level of outside review and that such reports carry the standard accounting firm disclaimers. To get the complete “Audit” level of review that Gwen Henderson suggested we are “entitled to” would in fact cost 3 to 4 times what we pay for a “Compilation” review. Several owners and staff gave testimony as to the level of financial transparency and reporting given to the membership over the past 5 years.
- 528 (Wong) thanked the Board for the good job they are doing and for engaging such a reputable and capable engineering firm. Questioned how the 10 Construction Phases came about. They are defined by Cash Flow (the ability to finance a phase) and by the tower lift needed to work on a particular location.
- 1417 (Ferrara) commented upon the great condition of the building and our finances. Brian explained the current parking policy.

- 1404 (Mendoza) volunteered to help the Board in their dealings with the building problems and their Engineer.

*** Open Forum Closed***

- **Project Financing**

- Brian highlighted the financing of the Phase One Construction and read resolution 2009-1 for Board Approval.

- ***Resolution: 2009 – 1 Exterior Repairs***

It has been determined that as a result of Engineering inspection authorized by the Board and conducted by the firms of Jon Rosenkrantz PE and Thornton Tomasetti Structural Engineers that the exterior steel frame and masonry of the Ritz Condominium is in need of repairs.

Such repairs are needed in various locations and in 10 different phases.

The Thornton Tomasetti engineers report lays out a 10-phase plan to make the necessary repairs.

Cost estimates are included for each of the 10 phases and reflect a total estimated cost of \$4,312,522 including engineering.

The Board of Directors being responsible for the safety, welfare, and upkeep of the building hereby resolves to follow their Engineers recommendations and start a long-term comprehensive plan of repairs.

1. Begin phase 1 (Pacific Wall) repairs in March 2010.
Estimated at (\$1,212,900) (Actual cost subject to the bidding process).
 2. Based upon the Engineers Estimate begin to fund the phase 1 (Pacific Wall) repairs as follows:
 - a) \$400,000 from anticipated balance in “Corners Account”
 - b) \$300,000 from “Capital Reserve Account”
 - c) Amend the 2009/2010 Budget and future budgets to include a line item for Exterior Building Repairs.
- Based upon current data this resolution sets the line item amount at \$20,650 monthly or \$247,800 yearly. (Approximately 14% increase from current budget). Increased Condo Fees begin June 2009 (Letter to be sent). The necessary funding is subject

to the bidding process and actual costs incurred and will be monitored as work progresses.

3. Begin the process of having engineered drawings prepared for bidding, permitting, and construction.

- Motion to Approve 2009-1 Resolution

- Richard Crimi, Treasurer
- Steve Appelbaum, Vice President
- All in Favor – All Board Members Present

* Community Clean Up Day – July 5, or 6, 2009. Residents should let the office know if they are interested in volunteering.

* 2nd Annual Pool Party 5/24/09

Carol A. Hartman adjourned the meeting @ 12:40 PM

***The next sched**