

**MINUTES OF THE
COLECROFT STATION CONDOMINIUM
BOARD OF DIRECTORS MEETING**

**505 East Braddock Road
Alexandria, VA**

October 19, 2006

I. ATTENDEES

Board Members Present: Mr. Richard Calderon, President; Ms. Carmen Radelat, Secretary; Mr. Tom Manor, Director; Ms. Holly Hess, Treasurer (interim); Mr. Paul Abramson, Commercial Director.

Board Members Absent: None.

Others Present: Ms. Diane Tschirhart, Community Manager; Ms. Marlene Jose, Building Manager; Sheyna Burt, Legal Counsel, Chadwick Washington, and Ms. Pepper Schweizer, Recording Secretary, Minute-By-Minute.

II. CALL TO ORDER

Mr. Calderon called the meeting to order at 7:01 p.m.

III. APPROVAL OF MINUTES

MOTION: Mr. Manor moved, Ms. Hess seconded, to approve the minutes of the September 21, 2006 Board Meeting as amended. The motion passed unanimously (4-0-1 with Ms. Radelat absent).

IV. OFFICERS' REPORTS

President's Report

Mr. Calderon updated the Board and residents on issues arising since the September 21, 2006 Meeting:

- After a resident was trapped in the 610 elevator, it was discovered that the phone responder was confused about the protocol; the emergency phone line had, at some point, been switched to an old management 24/7 emergency response line from the Otis Elevator emergency hotline; furthermore calls could only be made out of the elevator cab but could not be received. All of these problems have since been resolved.

- The incident caused the Board and Management to review the Otis Elevator contract, which was up for renewal. The Board solicited an additional bid from another contractor. Otis has reviewed their original contract and finding that the very fine S-60 elevators do not need as much maintenance as conventional elevators has been reduced the yearly contract by over \$13,000 to \$2,900/month with a 90-day exit clause.
- Mr. Calderon reported very positive results of environmental tests conducted in 4 Plaza level units – including the torn up 545 # 105 destructive test site – that had suffered from water intrusion due to exterior wall flashing deterioration. The tests clearly reveal the pivotal importance of a well functioning HVAC system which will reduce interior mold spore counts to 1.4 – 4 % of those in the outside air – depending on the micron sizing of the filter.
- Regarding the fire alarm system, Mr. Calderon stated that Livingston Company – which manages the sprinkler system – has requested a chance to bid on the fire alarm system – which is managed by Tyco Simplex Grinnell. Livingston believes that it can outbid the \$20,000 price tag proposed by Tyco to repair the 610 Annunciator Panel.

Ms. Sheyna Burt, Colecroft Station Legal Counsel, updated the Board and residents on the lawsuit being brought by Manor/Hayash, owners of 545 #105:

- Despite attempts to reach a pre-filing settlement, Colecroft Station and the Manor/Hayash were unable to come to an agreement. Manor/Hayash proposed that the Association purchase their unit as their bottom line offer. The Board refused to accede to this demand which would have imposed an average \$2,400 special assessment on each unit owner, as well as negatively impacted Plaza level property values by appearing to validate the incorrect assumption underlying the Manor/Hayash proposal, that Plaza level units are fundamentally flawed. The Board offered to assist Manor/Hayash to pay for repairs to their HVAC system – in need of a \$3,000 overhaul – and to provide other assistance to facilitate marketing of the unit.
- Two hours before the Board Meeting, Ms. Burt received notice from Carter-Lay the attorneys for Manor/Hayash that the lawsuit has been filed, if not yet officially served. The suit alleges that the Association breached Bylaw obligation to maintain the common elements in tip-top shape and to employ ‘first quality’ materials, engineers and contractors.
- Ms. Burt expects the suit to take up to a year at an estimated cost of \$30,000. The Association’s Insurance Company may join Colecroft Station in the defense. Ms. Burt concluded that the Association’s documents provide a solid defense against claims based on water intrusion, and that the Association’s track record of continuous and expensive water intrusion projects since 1995 countered the charge that Colecroft Station has been negligent about maintaining the property.

However, Ms. Burt cautioned that litigation is unpredictable and the Association will need to keep focused.

[Whereupon, Ms. Radelat arrived at 7:37 p.m.]

At this point, the Board posed questions to Legal Counsel regarding access to the unit during its restoration. Manor/Hayash presently insist on exerting overarching control of the restoration. Ms. Burt stated that the Association is renting and paid to move Manor/Hayash into comparable quarters in Colecroft Station, in function of an agreement with Manor/Hayash to use their unit as the destructive test site for the benefit of the whole Association. As such, the Association is in control of the destructive test site and its restoration. The Association's attempt to develop a covenant with Manor/Hayash is consistent with its "good neighbor" tradition, such as covenant is not necessary.

Ms. Burt then raised a question concerning storage of remaining Manor/Hayash possessions in the destructive test site. The Board has been asking Manor/Hayash to remove these items which cannot be protected during unit re-building. After some discussion, the Board decided to take once again a "good neighbor" approach and agreed to move and pay for storage of this personal property in an insured commercial facility.

MOTION: Mr. Abramson moved, Ms. Radelat seconded, that the Association rent a storage facility offsite for the personal property currently remaining in 545 #105 until such time as the unit is ready to receive such items back in a few months. The Association will also pay for the transportation of the personal property. The motion passed (4-0-1), with Mr. Manor abstaining.

Ms. Burt was then asked about notification of potential purchasers of Colecroft Station units. She confirmed that the pending litigation will have to be revealed by anyone attempting to sell their unit; and will provide Management with the appropriate verbiage.

Treasurer's Report

Ms. Hess reviewed the draft 2007 Budget that was pending approval. She stated that:

- Total FY07 Operating Expenses are budgeted at \$665,387
- 2007 operating expenses are reduced by 1%
- 2007 capital repair and replacement funding increased by over 2%
- Therefore the Association's operating and capital funding will increase by only 1%
- However because of pending litigation and due to the estimated \$30,000 in legal fees – which represents 4.8 % of the 2006 Budget – the proposed assessment will need to increase to 5.8%. She added that there would have been a decrease in constant dollars if not for the pending litigation.

- Ms. Hess thanked Marlene Jose, Orlis Cueva and Management for finding numerous reductions in the budget. She also thanked Mr. Calderon, Board President, for successfully negotiating the significant reduction of the OTIS contract.

MOTION: Ms. Hess moved, Ms. Radelat seconded, to accept the proposed FY07 budget. The motion passed unanimously (5-0-0).

V. OLD BUSINESS

Conflict of Interest of Board Member: Ms. Hess reminded Mr. Manor of her question a month earlier about resigning as a Board Member should he file a lawsuit against the Association. She questioned how Mr. Manor could serve on the Board now that he was suing the Membership he is pledged to protect and defend against lawsuits. Mr. Manor stated that he saw no conflict of interest and that he would not step down from the Board. Ms. Radelat expressed surprise that Mr. Manor saw no conflict of interest. His reading of the Bylaws and State law suggested to him that there was no conflict. Ms. Hess then said that she saw an irreconcilable conflict between his private role as a plaintiff and his fiduciary responsibilities and duties as a Board Member. She believed that the filing of his lawsuit fundamentally altered his relationship with Association Members and that she proposed to submit his name to a recall vote at a Special Meeting to be held concurrent with the November 16, 2006 Annual General Meeting.

MOTION: Ms. Hess moved, Ms. Radelat seconded, to hold a Special Meeting before the scheduled Annual General Meeting in November to determine whether Mr. Manor should be removed from the Board due to a conflict of interest. The motion passed unanimously (4-1-0), with Mr. Manor opposing.

Status of ongoing projects: Ms. Tschirhart reported that Culbertson is presently working on the expansion joint in the floor of the upper garage and that the company is working with manufacturer representatives to correct an issue of slick patches in the new waterproof coating on the upper garage floor. Culbertson has now received a building permit from the City of Alexandria to proceed with the wall flashing restoration outside 545 # 105 and the company will start work there on October 23, 2006. Mr. Calderon stated that interior restoration of 545 # 105 can only proceed after water intrusion has been interrupted with the new wall flashing installation. The entire 545 # 105 exterior and interior restoration project may be completed within 2 ½ months or so.

VI. NEW BUSINESS

New KPA Schedule: Ms. Tschirhart stated that a new KPA Schedule B needed to be approved by the Board as an addendum to the contract that will be automatically renewed on November 1, 2006. Ms. Tschirhart confirmed that the Schedule C that the Association had prepared is still effective.

MOTION: Ms. Hess moved, Mr. Abramson seconded, to approve the revised Schedule B of the KPA contract. The motion passed unanimously (5-0-0). Ms. Hess directed Management to clarify a number of listed charges and Ms. Tschirhart promised to do so and report back to the Board.

Mowing Contract: Ms. Jose reported that the Mowing Contract had not been submitted as yet. Mr. Calderon noted that the new contract was only needed by next March and so this matter could wait.

VII. NEXT MEETING

Mr. Calderon announced that the next meeting will be the Special Meeting and Annual General Meeting on Thursday, November 16, 2006.

VIII. ADJOURNMENT

The meeting was adjourned at 8:36 p.m.

Respectfully submitted,

Carmen Radelat, Secretary

DATE APPROVED: _____

ATTESTED BY: _____
(Name) (Title)