

**FOREST HILL ASSOCIATION
BOARD OF DIRECTORS MEETING
August 6, 2012**

Board Members present: Diane Wara, Kathe Farrell, Sally Kipper, Paul Cooper, Dan McHugh, Eric Buonassisi.

Others in Attendance: Harold Wright, Walt Farrell, Rigo Cabezas, Barney Deasy. John Balestreri, Katie Balestreri, Steve Lawrence, Peter Gochis, Larry Pitts.

Diane Wara called the meeting to order. The meeting began at 7:10 pm.

Minutes: The draft minutes of the previous meeting, July 9, 2012, were approved. The next Board Meeting is planned for Monday, September 10, 2012.

President's Comments

Diane Wara thanked Paul Cooper for his outstanding job preparing and moderating the Clubhouse Renovation Community Meeting on July 29. She further thanked John Balestreri and Rigo Cabezas for their volunteer work, painting the Pacheco Triangle urn. John and Rigo have promised to also work on the benches at the Ninth Avenue-Pacheco Street Gate.

Treasurer's Report:

Sally Kipper began her report with the revenues: at the beginning of the month of July, 8 households still had not paid their 2012 dues. Throughout the month, payments were received from three of these households, so that only five households with unpaid dues remain; one of these five properties is currently for sale so that collection of its unpaid dues is to be expected at the close of the sale. Five households are paying their dues in regular installments, and three out of these five have nearly paid off their 2012 dues; a fourth one is for sale, and collection of its unpaid dues is expected at the close of the sale. Currently 10 properties are liened. Out of these 10 properties, one is on the market, and another one is being refinanced. It is to be expected that both liens will be satisfied in the process of sale and refinancing, so that only 8 liens would remain.

Clubhouse rental income for the month of July is zero due to two cancellations with refunds in the amount of a total of \$ 1,500 which offset rental income in full.

Expenditures: Under the new ADT Alarm Monitoring Contract, the annual fee for the burglar alarm monitoring had to be paid in full in July, and the fee for the fire alarm monitoring had to be paid for the first quarter of the contract year. The total annual fee for both parts of the alarm monitoring contract is significantly below the previous annual fee of \$ 1,600. – The expenditure of \$450 for Clubhouse Maintenance represents the cost of welding the wrought-iron fence around the Clubhouse. – Expenditures for Community Events are comprised of a \$500 advance to the organizers of the upcoming Annual Picnic

and the cost of refreshments served at the July 29 Community Meeting at the Clubhouse. The Board unanimously approved the Treasurer's Report.

Advisory Committees

Activities Committee:

Dan McHugh reported that the Annual Fall Picnic will be held on August 19 from 12 noon to 2:30 pm. John Balestreri will graciously provide the traditional barbecue, and for the children the "Bubble Lady" will again perform. Dan asked everyone to spread the word among the neighborhood.

Clubhouse Finance Committee:

Eric Buonassisi reported that he has been able to find an outside accounting firm – Levy, Erlanger & Co. – willing to provide an informal review of FHA accounting within the budgeted amount of \$4,000. The accountants would be working closely with Treasurer Sally Kipper. In addition, Eric addressed the open question whether Forest Hill Association is subject to the Davis-Sterling law. Harold Wright reported that several years ago a legal opinion had been presented to FHA to the effect that this law does, in fact, apply; Harold explained that he had just recently forwarded that document to Warren Krauss, legal counsel and Board Member, who was absent from tonight's Board Meeting. Eric Buonassisi pointed out that if, in fact, this law applies to FHA, the ramifications would be widespread; for example, FHA would be under obligation to have accounting reviews every year (at a cost of several thousand dollars) and a reserve study regularly every few years, and that also the ability of FHA to secure a loan might be influenced, depending on what bank we use to help us finance the renovation.. Since the Davis-Sterling law has recently been amended and the expert opinions regarding application of this law to FHA are not unanimous, Eric recommended that the Board request a second legal opinion in this matter. The same accounting firm, Levy, Erlanger & Co., has offered to provide such opinion from a lawyer familiar with this law, at a fee of \$ 500. The Board decided to postpone any decision about this expense until Warren Krauss, the legal counsel, has had the opportunity to review and advise. Eric will bring the matter back to the Board at the next Board Meeting in September.

The remainder of tonight's Board Meeting was dedicated to further discussing the Clubhouse Renovation Project, Community input at the Community meeting on July 29, and next steps in the planning process.

Clubhouse Renovation:

Paul Cooper had prepared a Draft Space Program and a Draft Schedule as guidelines to the next steps in the renovation planning process.

He explained that the first step had been the preparation of the Master Plan but that the Master Plan only lays the groundwork to a process of repeated iterations until the final architectural plan is generated. Now the next phase of these iterations is the "program" which allows the architect to begin the "design" – then construction documents are prepared as a basis for contractor bids. Only then can construction begin. The architect breaks up the "design" phase into two phases called "schematic design and "design

development”.

Paul first commented on the “Space Program.”

One of the most important issues to be addressed are the fixture counts of the bathrooms, as well as the implementation of sufficient well-accessible storage areas for tables and chairs. Several options have been discussed. One important factor in the discussions so far was the assumption that office space would have to be provided on the first floor in order to comply with ADA regulations. Nancy Goldenberg/principal at Carey&Co. Architects, had informed Paul very recently that because the FHA office is not a public space, such regulations do not apply in our case. This frees up valuable space on the first floor and opens up new planning possibilities.

Regarding the bathroom renovation, there is unanimous agreement to preserve the total number of “fixtures” in the Clubhouse (a “fixture” being one toilet or one urinal), while the distribution and specifications of these bathrooms were hotly debated between Board Members and other attendees. Factors to consider are 1.) the use of the upper bathrooms in conjunction with a bridal preparation room – it is questionable whether these two bathrooms could be designated unisex, or one for each gender, without compromising the character and function as a bridal room. 2.) the gender designation and specifications of the first floor bathrooms – at least one of them must be ADA compatible in order to meet city code requirements. During earlier discussions, many female FHA members voiced a strong preference for a “ladies only” bathroom downstairs. One solution, if not too expensive, would be the installation of two gender-specific ADA compatible bathrooms on the first floor.

Regarding storage, Paul explained that the tentative plans are based on the assumption of storage for eight round tables of 60 inch diameter each (without cart) and of 100 folding chairs on carts; in addition to that six card tables and four kiosk tables will be stored. The existing rectangular “banquet” tables will be stored in the garage and have not been included in the storage space requirement.

Depending on the decision about the placement and specifications of the bathroom and storage areas, major floorplan changes from the previous options may be necessary; e.g. in one scenario, the staircase would be relocated. Another consideration would be to open up the mezzanine to the second floor of the apartment, facilitating overall flow and allowing increased occupancy on the mezzanine (which is currently limited to max. 10 persons because there is only one route of egress). Additional occupancy on the mezzanine would potentially increase the total max. occupancy of the building, thus increasing potential rental income possibilities. The installation of a small meeting room in the second story for private or business meetings of FHA members is another option. Lastly, a full seismic upgrade of the building should be taken into consideration.

A lively discussion ensued regarding the expected cost of the different options. Harold Wright presented a summary of community opinion as reflected in the recent vote-by-postcard action. 270 FHA members had responded; 64% expressed a preference for “option 1” (less expensive, basic), 25 % for “option 2” (more expensive, including relocation of stairs and additional bathroom) and the remainder had opted for some solution “in between.” Harold reminded the Board that 75% of respondents had favored a less expensive solution than “option 2” and that the Board must not overrule this expression of collective opinion. Diane Wara pointed out that during the Community

meeting on July 29 the most frequently voiced concern among attendees was the request to the Board to act in a cost-conscious manner.

In the course of this discussion among all persons present, several attendees stated that in their opinion the postcard vote, while well-intentioned, may prove to be an unsatisfactory tool after all, especially since the two options put forward to the Community were generated mainly on the grounds of cost considerations; the full picture of options as seen today had not yet evolved when these options were generated; and the final renovation plan will likely not conform with either of these two options. In this context Paul Cooper repeated his firm belief that the discussion about renovation options is an ongoing evolutionary process, that the postcard preference indication, while a valuable assessment of Community opinion, should by no means be considered binding to the Board, and that the discussion about all possible options should mainly be driven by the desire for improvement of the building and not mainly by cost considerations. Diane Wara agreed in her assessment that the main result of the postcard assessment was the request of the Community to the Board to make cost-conscious decisions. FHA member Peter Gochis cautioned that in his opinion the Clubhouse Renovation Project is a “money pit,” that FHA is in danger of committing to financial obligations for years to come which might overextend FHA’s financial strength and take away from other ongoing financial responsibilities, e.g. for the maintenance of trees and landscape.

Several attendees again brought up the question of whether or not to keep the official designation of the office annex as “apartment” or to apply to the City to drop this designation. John Balestreri pointed out that due to changes in zoning rules during the lifetime of the Clubhouse, the apartment designation is by current standards not legal, but due to the historic nature of the building has been “grandfathered in.” Therefore, should the apartment designation be dropped, it would be impossible to reinstate it in the future. The process of application to the City to change the apartment designation will likely take six months and cost several thousand dollars plus the fee for the architect administering the application process. John recommended a preliminary informal meeting of our architect, Nancy Goldenberg, with the City Planning Department to discuss our options. No permit applications would be filed, and no permit fees would be paid before the outcome of this meeting has been discussed by the Board. Harold Wright again voiced his opinion that the continuous presence of a caretaker in an existing apartment would serve as a safeguard against break-ins and vandalism and would ensure ongoing and proper building maintenance. On the other hand, FHA member Larry Pitts pointed out that the renovation of the apartment rooms into a rentable living space would incur a high cost and that in his opinion this additional cost cannot be justified by the possible upsides or by the possible rental income generated. He advised the Board to retain the current legal status as “apartment” in name only, in case of a future desire for rental income. Furthermore, Dr. Pitts recommended that the Board not make any financial investment into an apartment space that will not be rented in the near future.

Paul Cooper stated that no decision will be made in regard to the overall cost of the project during this evening’s Board meeting. Furthermore, “deduct alternates” (changes of the plan in favor of less expensive solutions) are a possible request during the next phase of the planning process. Paul continues to believe that a ‘compromise option between (1) and (2) can be developed at a price point below \$ 500,000, and that a total cost decision must be deferred until “all the numbers are on the table.”

In order to get to that point, a cost estimation will be necessary. There are two ways to obtain such a cost estimate: 1.) use a cost estimator. Cost estimators rely mostly on square footage and historic numbers. 2.) use pre-construction services of a contractor. (This service only and exclusively serves the purpose to establish a cost framework for the project and is totally separated from any bidding). Contractors tend to approach cost estimation more from a practical point of view and from their own experience. Paul stated that he, does not have a preference for either approach.

Paul then explained the tentative schedule for further work on the CH renovation project. 1) Carey&Co to provide the cost of preparing more detailed drawings; 2) Board to approve cost and to instruct Carey&Co to proceed; 3) Cost estimate to be obtained end October and to include alternate proposals; 4) Board to discuss/approve final allocation of space November; 5) Carey & Co to prepare final construction documents for bidding process that would begin during January; 6) final Board decisions regarding a construction company during March; 7) break ground April 1, 2013 as planned.

The Board approved the following next steps, as proposed by Paul Cooper:

- 1.) Space Program, with the alterations: “*accessible* (bathroom)” as a deduct alternate and “storage access *preferably* not through the kitchen”
- 2.) Provide Space Program and Schedule to our architect, Nancy Goldenberg/ Carey&Co., for her to develop a task list
- 3.) Ask architect to calculate architects’ fees so that the Board can take a vote on these fees at the September Board Meeting.

Adjournment: There being no further business, the meeting was adjourned at 8:35 pm.

Respectfully submitted,
Jutta Lammerts