

**FOREST HILL ASSOCIATION  
EXTRAORDINARY BOARD OF DIRECTORS MEETING  
March 20, 2013**

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

**Others in Attendance:** Harold Wright, Steve Lawrence, Yvonne Vukasin, Suzanne Schimaneck, Dottie McHugh.

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

**President's Comments**

This Board Meeting is dedicated exclusively to the Club House Renovation Project.

**Advisory Committees**

**Clubhouse Renovation** - Paul Cooper:

Among the four bids received from General Contractors for the Clubhouse Renovation Project, the bids from Plath (\$498 k) and Roebuck (\$538 k) were approved at the last Board Meeting to proceed with analyzing their proposals. Paul Cooper requested and received from both companies a description of three previous projects most similar to the Clubhouse Renovation Project. Based on his review of the contractors' bids with additional information and also based on Carey & Co.'s recommendations, Paul recommends that Plath should be awarded the contract. In addition, the Plath bid is the lowest of all those received. Paul moved to approve the Plath bid and the Board approved unanimously to accept the Plath bid for the Clubhouse Renovation Project.

At the April 1<sup>st</sup> Board Election Meeting, the approval of actual contract terms will be finalized. For this to happen, a contract lawyer is needed to review the contract for the Board. It was decided that the Board will contact the law firm on retainer (Cassidy) for recommendations of a contract lawyer to provide this review. In addition, Plath needs to prove sufficient bond coverage and name FHA as an additional insured on their insurance policies. Paul has received email confirmation from Steve Plath that this is normal practice for them if they are selected for the project. FHA member Yvonne Vukasin offered to help with this review. Paul then brought up the possible "alternates" to be added to the scope of the Renovation Project. In-discussions, the Board had narrowed down the list of possible alternates to the following three:

Sub-TOTAL Base Bid (to include all costs)	\$498,149.00	*Bid form had 497,610
ALT #1- New Brick Pavers at Lower Patio	\$21,258.00	
ALT #2- Demolish Existing Wood Floor of Assembly room, provide new wood floor	\$11,685.00	
ALT #5- Brace Chimney	\$5,555.00	
TOTAL FOR CONTRACT	\$536,647.00	

After discussion, the Board voted unanimously to approve all three alternates for inclusion in the Renovation Project bringing the total cost to \$536,647. Considering the soft cost contingencies and the architectural fees ongoing, the total project is well within the preliminary cost estimate from December 2012. The total approved cost for the project by the Board is \$630,000.

Construction timeline:

Paul explained that he has received verbal confirmation from the City Building Department that the required building permit will be granted before April 15, 2013. At this point, it appears that our Letter of Determination regarding the apartment square footage issue (submitted on March 7, 2013; assurance by the City that review will be completed within one month) will be accepted by April 7, 2013, but we have not received written confirmation as yet.

Clubhouse rental reservations:

The Board decided to wait until May 1<sup>st</sup> before deciding on a date to resume Clubhouse rental reservations. There are too many intangibles that will affect completion and the Board agreed that it would be safer to wait until the contract was signed and the walk through completed before giving firm guidelines to Jutta for accepting fall rentals. Plath's timeline indicates there is a good chance that they will be done by September 1<sup>st</sup> with a contract accepted by April 15<sup>th</sup>.

Financing of Clubhouse Renovation: Eric Buonassisi

Eric has received verbal approval from First Bank for a \$ 500,000 loan to finance the Clubhouse Renovation Project. Terms are a 5.0% interest only loan for the first 12 months converting to a 5% monthly principal and interest loan amortized over 10 years for the next 7 years. At the end of 7 years, a balloon payment will be made or the remaining principal will be worked into a new loan at our choice. Plath has told Paul that they will submit bi-monthly invoices for approval by the FHA Board; once the invoices are approved, FHA will submit them to First Bank; First Bank will then disburse the necessary funds to FHA for payment of each Plath Co. invoice. First Bank has requested that the FHA open up 3 First Bank accounts to facilitate loan disbursements, an operating checking account, and a Surplus Account to receive funds now held at Bank of America. Loan documents can be in place and signed as early as 4/8/2013 once First Bank has received all of the required confirmations listed in a letter from Karl Lofthouse at First Bank (attached). The Board unanimously approved to accept the First Bank loan offer at the terms specified.

Eric and Treasurer Sally Kipper both recommended not to begin withdrawing funds from the loan amount at the beginning of the construction project but rather to pay the first incoming bills using FHA reserve/surplus funds to reduce the interest paid in FY 2013-2014 and allow some room to convert the accounts in April and May.2013.

Treasurer's Report:

Sally Kipper presented the budget for the coming FY 2013-2014. In order to meet the First Bank request to improve the income-to-debt ratios in 2013 and 2014 considering that the next permitted dues increase cannot happen before 2015, this budget proposal contains unusual expense cuts and measures to increase rental income. These are the only two ways to meet the loan requirements for an acceptable ratio for First Bank to make the loan.

The cost for the Office Manager will be reduced by limiting billable hours to 20 hours per week, down from 25 hours. Community service expenses have been lowered because, with the Clubhouse closed, fewer events will be organized during the coming year. The number of Newsletters for FY 2013-2014 has been decreased to only three which further lowers community service expenses. Insight Consulting will have less work to perform on the Clubhouse Calendar while the Clubhouse is not rented out; the overall cost has been budgeted at \$ 1,500 less than in the previous year. Landscaping costs cannot be significantly reduced from the historic necessary expense to keep up with removing diseased trees or those felled by acts of Nature, an uncontrollable liability.

On the income side, a significant increase in Clubhouse rental fees from \$1,500 to \$2,500 for weekend rentals of FHA non-members (and a moderate increase from \$ 800 to \$1,000 for FHA members) should increase FHA revenues. The availability to rent as early as September 15<sup>th</sup> would greatly improve the chances of meeting the forecasted revenues from Clubhouse rentals. The Board unanimously approved the budget as proposed.

**Resolution addendum to the Minutes of March 20, 2013:**

It is the understanding of the Secretary of the Board that the motion to authorize financing of Clubhouse renovation by the Board as set forth in that section of the Minutes of the special meeting of the Board of Directors on March 20, 2013, entitled "Financing of Clubhouse Renovation," includes the more formal and specific Resolution set forth below. The subject motion flowing from said section passed on unanimous vote of the Board. Based on his above understanding, the Secretary has certified the following Resolution as an action of this Board.

#### **RESOLUTION**

**WHEREAS, pursuant to the By-Laws of Forest Hill Association, the Board of Directors of Forest Hill Association ("Association") has the right to conduct, manage and control the affairs of, and the business of, Association;**

**WHEREAS, the Board of Directors has, as part of such power, the right to make application for, and negotiate the terms of, a loan or loans to fund the conduct, management and control of the affairs and business of Association;**

**WHEREAS, the Board of Directors has determined that its in the best interest of Association to apply for and negotiate the terms of, a loan from First Bank to finance repairs and modifications to Association's Clubhouse located at 381 Magellan Street, San Francisco, California.**

**NOW, THEREFORE, BE IT RESOLVED that the Association apply for, and negotiate a loan from, First Bank, on such terms and conditions as the Board of Directors may duly approve pursuant to one or more resolutions of the Board of Directors duly enacted, including but not limited to the interest rate of such loan, the term of such loan, and the payment terms of such loan;**

**RESOLVED, FURTHER, that the terms and conditions of the final loan shall be subject to approval of the Board of Directors by a Resolution duly approved and enacted.**

**The undersigned Secretary of Forest Hill Association hereby certifies that the foregoing Resolution was duly adopted by the Board of Directors of Forest Hill Association on March 20, 2013.**

The Board hereby ratifies the Secretary's actions and confirms its adoption of the above Resolution effective March 20, 2013.

Miscellaneous:

Urgent Board decisions until the election of the new Board on April 1<sup>st</sup> can be made via telephone conference call or email unless a Board Member requests in-person meetings. Possible venues for Board meetings during Clubhouse construction: since the original choice of venue (JP Murphy Clubhouse) does not allow use later than 7 pm, other options will be explored, namely the use of the Miraloma Clubhouse.

Adjournment: There being no further business, the meeting was adjourned at 8:25 pm.

Respectfully submitted,  
Jutta Lammerts