

**Bridgeport HOA
Town Hall #1
January 18, 2022
Q&A**

Don: As many of you know, my confidence in DBA is through the roof, so thank you, thank you, thank you. But one question I want to ask is about the second town hall. What exactly do we expect to accomplish with that?

Dennis Brooks: Don, typically at the second Town Hall, well, in the first place we've only got three homeowners on here tonight. So not all the homeowners signed in, as more and more gets out about this project, more and more homeowners will participate. Typically, that's what we see. And so it's a chance for homeowners maybe that didn't participate in this town hall to kind of get an update on what we talked about tonight. And also, it's for everybody that's here tonight to see kind of see any additional what we call the good ugly photos. Those are things that we have discovered on the property that maybe you don't notice as you walk around the property yourself or you don't happen to notice as you know, go and come from your car and walk in and then you see that photo and you go wow, I didn't know that was so bad. Where is that? Those are the kind of we call those good ugly photos. They're good because they show the ugliness of what needs to happen and get repaired. So we usually have a fair amount of those kinds of photos and talk about what's been discovered and kind of how the scope of work has been formulated, and where we are in the process with the contractors in terms of obtaining the bids. Once we obtain the bids, then we're ready to sit down with the Board, go through those bids, help select the contractor, put the budget together and that's when we do Townhall #3. So Townhall #2 is a second opportunity for homeowners to understand the project, make sure that they understand what it's about, what we're doing and see why the project is necessary. And then Townhall #3 is to go over all the costs.

Don: Thanks, Dennis.

Rich Carroll: I think once this group is now seeing what we're what we're talking about, the big picture is just another way to communicate with even more people, because it's in everybody's interest to have as many people vote on this as we can. And so the more turnout you get, the better it is for the success of the project and you really have the opportunity to voice your opinion as a homeowner. We found that we get more people turning out at each townhall meeting. So the second one we hope for to get 60 people and then the next one hopefully 100. So that's our goal, to increase the attendance.

Don: I'll tell you, 30 people is an accomplishment.

Dennis: Well, good. Thank you for everybody that did show up tonight.

Woman: Actually, it's more than 30 people because there were 6 people at Carolyn's house. And this is a great turnout!

Lucinda: Thank you for your presentation. We've been saying for a long time that the planter boxes need to be addressed, they're leaking and we see it every time I walk by. On the walkways, I heard you say you're recoating the walkways? Can you reassure me that there's another system out there besides that rubber stuff that fails?

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Rich: Well, all of it needs maintenance, and it all comes with a warranty. There are some products that will give you a 20- to 25-year warranty, it just depends on which product you choose. We want to give the Board options for that. Those will be in the in the bid package that we'll ask contractors to bid one or two or three options that you may have. Some of the most expensive products will come with the longest warranty. Anything that's exposed to the elements and flat will deteriorate over time, it'll start cracking and heaving, so nothing's guaranteed for life. But we will give the Board some options on those.

Lucinda: Will the homeowners get a chance to see what the options are that they get to choose from? How are we going to get that communication?

Rich: I think we'll be able to share that information. We've done that on other projects where we've had, say synthetic wood siding versus real wood siding and we've presented the two options. I don't know if the Board will allow the homeowners to vote on that but we can certainly share those options if that's something the Board would like us to do. If the Board's in agreement, then we'll put the options up on the website.

Darlene: You mentioned failed areas: environmental, poor construction, lack of maintenance or a combo of all three?

Rich: I personally think it's a combination of all three. The deck coating, nothing's been done with that from what I can tell for a really, really long time.

Darlene: It's been 10 years or 11 years since that went down last I've been here 28 years I remember it well.

Rich: Usually those have a UV coating that needs to be top coated every three to five years. I don't know the exact product that was used so I don't want to throw stones at the contractors. But the wood rot, some of that is just normal wear and tear. When wood gets wet, termites like it, you know, that's, that's just a part of living in California, they like soft wood. We see termite damage in every community we work for.

Darlene: Like Lucinda said, I'm sure there are other materials we can, as a community, hopefully, if the Board so deems, can look at the other materials as far as siding.

Dennis: Darlene, the real key here is the more premium the material, the more expensive it is, but the longer it'll last. So that's value engineering, you get what you pay for. You've got to make a decision as to how much do you want to spend on this and how often are you going to plan to maintain it and set your reserves accordingly once the decision is made on which material you're going to go with.

Morgan: My name is Morgan, I'm Don Newton's wife. So obviously, you know I've got the insider track on all this stuff, right? You guys talked about that cement siding? Do you think that's an option for here?

Dennis: Rich, correct me if I'm wrong, but this isn't a complete siding replacement project, is it?

Rich: Correct. I do not think we'll be bidding any kind of cementitious siding for this project.

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Dennis: The cement siding that we've done on other projects is where they've chosen to literally replace all the siding on the buildings and start from scratch. You're keeping a lot of your wood siding. A lot of your wood siding is not in bad shape, it just needs to be maintained. And so it would be difficult to make it look good if you replace some of it with cement siding, and left some of it as wood siding, unless it was a whole elevation of a building.

Morgan: I just know that on my side, on the west side, we've had three reports of termites and I worry that when we do the painting project and you pull off the panels, you guys are going to find a heck of a lot of problems. That's why I was asking.

Rich: Right now we've got many projects where we're rebuilding cantilevered balconies, which are all just wood balconies, unlike yours which have stucco on them. We always give an option to use synthetic wood. So there's Trex material, there's three or four different manufacturers, Hardy makes some good synthetic siding, so we will use that as an alternate on the bid form. We want contractors to bid it with the regular lap siding, and then we will ask them to give us an alternate bid for synthetic wood. So we will give the Board the options.

Megan: Yes, hi there. So I'm one of the newer owners, we recently just bought our unit and we're right next to the elevator on the east side, and I noticed that our elevator has expired like the expiration date for its inspection. I didn't see anything about elevators in this is this something that we're also going to be upgrading as well?

Dennis, Megan, that's a great question. It's currently not part of our contract, although we do elevator projects for other HOAs. So maybe it's something that the Board can review and discuss, maybe they've already got a plan for that. I don't know. But at least by asking your question, you've now alerted the Board to the expiration in the elevator. Don, it looks like you've got your hand up. Maybe you can answer the question?

Don: Sure. We already have one bid to renovate elevators, and Rich has given me two other companies. I'm just trying to save a little bit of money for the Board by sort of spearheading that effort. But I will get bids and let Rich evaluate all the bids. We do anticipate elevator renovations on this project.

Morgan: My husband does most of the evaluation just to save the Association money.

Megan: Okay, great. Thank you. I was just curious because I noticed that the inspections are about 10 years out of date. So good to know that at least at some point, we'll be moving forward with it. I guess we'll see when we can.

Morgan: As soon as we can, because the elevator is definitely a problem on the west side. I don't know where you live, but we had it go down last year because somebody messed up the key. And so it was down and unfortunately we have a handicapped person that lives on the west side on the second floor and they rely on the elevator. So we're definitely looking into it. And like I said, my husband's on top of this and he's the treasurer on the Board right now, but hopefully he can follow through on this and be reelected.

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Sarah Taylor: Yeah, thank you so much, Dennis and Rich, I really appreciate this information. I also appreciate how you're using the word upfront costs. So I guess part of my question is it's inevitable as we begin repairs that as you start to open up things and make repairs you'll find additional things that maybe were not included in the original bids, and how would that be taken care of as far as the costs and things like that?

Rich: Yeah, so it is a good question, Sarah. What we typically do, is we build it into a contingency because we know that we're going to get some of those unknowns. So as part of our budget for the Board, we always build in a contingency. The most recent project we managed, I think we pushed it up to 35% to 40%. Dennis can tell you what it's been over the history of DBA, probably somewhere between 10% and 15%.

Dennis: It really depends on the project. I mean, if we take a re-piping project, which is rather invasive, we have very few change orders because you get a pipe from point A to point B and repair the drywall after you do it, so there are very few change orders that ever come up in a re-pipe project.

But when you start talking wood replacement and wood repair, and water intrusion issues, that's where you tend to find the hidden damage behind the walls and the issues that go on there. And so yeah, we evaluate each project on its own merit based on our years of experience and set that owner contingency after we get the contractor bids and have evaluated the full scope of work. We'll help the Board to set that contingency so that it covers those costs.

Rich: What I've seen right now is inflation. Cost of goods is going up, and it's going up daily. So that's something right now that we also try to account for. When the cost of lumber was skyrocketing up we were putting in 35% contingency because we thought, hey, this could keep going up. Well now it's settled down and we're in a good place because we put that contingency in there and the prices have now settled back down. Now again, prices are still high on lumber higher than they were and we don't see him dropping much more. But there are a lot of fluctuations right now and not only materials but labor. So you know, we try and build that in with a good solid contingency. And that's worked for us in the past.

Dennis: We track the lumber index against the contractors' bids and the time frame for that so we know what lumber is going for at the time the bids come in and we can track the index if there's a long delay we know what the lumber index is. So if the lumber index goes down we're not going to accept a contractor saying their lumber prices have gone up when we know that lumber prices have gone down since the time he bid the job. So we kind of track it that way as well.

Robert: Yeah, thanks for your presentation. I'm just curious as to whether each of the major parts of the project that you're evaluating do you expect them to take place in parallel or sequentially.

Rich: Yeah, that's a good question, Robert, and right now our focus is the walkways, the landings and the wood and paint. So I would say definitively those are going to happen at one time, and then kind of a little bit behind parallel will be the work on the podium deck and the planters and the CMU walls so there'll be a lag in time there. We were getting bids back from structural engineers that were so far apart, that it was impossible to evaluate them. So now as we get into this a little bit more, we have a

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better idea, say for the planters we thought we needed to redo all the planters but now it may be just five or ten. It's a much smaller scope for the planters, so we're trying to break it down so that is going to take a little bit more time.

Dennis: But to that point, we do want to make sure that all of those costs are in the final number that we put a budget together, get a loan and all of that. The construction may follow a similar pattern where depending on what the contractor chooses to do when. Once a contractor is selected, we talk to the contractor about how they envision the project and how they would proceed through the project, they usually want to do it in a very systematic way. So when it comes to the actual construction phase, a GC handling the whole project may want to finish the podium slab, the planters and whatnot before they paint that building, because they don't want to do anything that might cause damage, and then have to go back and paint it again. So from a pre-construction standpoint, Rich told you how the job is being sequenced, but from a construction standpoint it may be slightly different.

Rich: Right now the structural engineer is working on the design plans for the beams and the walkways and the landings. Well that's going to take some time, so now I'm starting to do work behind the scenes with companies to look at the CMU walls and also the balconies - the next phase of this will be to start looking at everybody's balconies so that we can roll that into this project scope. It didn't look like there was a lot of work to be done on the balconies from looking from below. Usually you can see water stains on the stucco or drywall ceilings, or stucco that is spalling. I didn't see that on the balconies I inspected but we need to get on each balcony to truly know that. So that'll be running in parallel, while the engineer is doing the design work. Some of that inspection work will start while the engineer is finishing their plans.

Dennis: Typically when we need to get into everyone's unit to get on to the balcony, we do an online scheduling program called Signup Genius. We will do an email blast to everybody that we have an email address for and you just go on and pick your time slot that you would be available to let an engineer come through your unit to get onto the balcony.

Rich: It's really easy. We'll get people signed up and then we'll start reaching out to the people that haven't responded and will put a notice on their doors to say we need you to sign up for one of these time slots.

Dennis: So be watching for that email and please set up your appointment. And if you can coordinate with your neighbors, the faster we can get the appointments set up and do the inspections the less expensive it will be for the HOA.

Melanie: How soon are you going to be able to start?

Rich: That's the million dollar question.

Melanie: Yeah, we needed it five years ago.

Rich: We're looking at starting probably in four to six months. And that's loosely defined because again, we don't know what those design plans look like and the structural engineer hasn't come back let us know when the plans will be done. We just did the discovery testing I want to say two weeks ago right

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before Christmas break and his team should be coming out any day now to actually start writing the details on which elements will be replaced and which ones will have repairs. Then each one of those repairs will have to have one of those steel reinforcing plates designed for each repair so that should be coming. But I think four to six months before we start is a pretty good estimate.

Dennis: And Melanie just so that everybody here knows, there are certain things that we have no control over. For example, state law that requires 30 days just to vote. So once we have that third Townhall Meeting so that you're informed of what the costs are, then the Board by law has to allow 30 days before the ballots are due back. So there's 30 days we're dead in the water. So that's part of that four to six months is that's 30 days that we don't have any control over. The other thing that takes longer than you think it should is getting the banks to give us proposals and do their underwriting for loans. And so even though we may know what the costs are, we might be waiting for banks to finalize in their loan committees what they will do for their terms and rates. So, those are things that kind of add to that timeframe. I know everybody's anxious to get going and get something done. But that's usually part of that process.

Rich: And for loans like this, banks ask for a lot of backup information from HOAs. So if everything's been filed and you've gotten your audited financials each year - we haven't even gotten there yet with the Board - but if those have all been done. I know, Optimum is new, so I know they can't say it's all been done because he's just taken over this project as property manager. So you know if all those things are in order, then it'll go smoother, but you just never know until we get into requesting documents.

Lucinda: I was curious because I've heard the reference to the railings. I know the railings are out of code. Well, first of all, some people said that they need to be replaced and I think it would be more difficult to try to keep those rusted things in place while repairs are being done. But if we update them would the insurance premium go down.

Dennis: That's a great question. Some insurance companies will lower your rates if your railings are code compliant. Other insurance companies after a period of time will come out and when they do their walk and assessment of your project they'll tell you if they're concerned about your railings and if they're out of compliance they will add a premium to your insurance because of that. The question of will they be replaced as part of this project is a little bit tricky in that if you if you disassemble the railings, you have to bring them up to code and put them back on code compliant. You've got no choice. So the question is, can you fix them and leave them in place so that you don't have to bring them up to code? Well, you kind of alluded to that when you asked the question that way.

The Building Department won't make you bring them up to code if you don't remove them because they're grandfathered in under the old code that they were built under and they met that code but there comes a point in time when the Board may want to make a recommendation to just replace them to bring them up to code.

Rich: The structural engineer is already aware of this, and there are some strategic things you could do like tie them in with some decorative cross pattern members, which of course the design would need to

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be approved, but there's some things that you can do that will make them meet code without rebuilding them.

Lucinda: They're in pretty bad shape so I can't imagine fixing them would be cheap. I think people think at the outset, the less we do, I've heard so many times "Let's put that the same thing on the on the on the walkway and just repair it, don't change it". And then I sat through engineer, I was on the Board five years ago when we did this, and one guy said sure I can do it. I can work with your budget, but he wasn't gonna fix it, however much money he could get out of us he would take but we I think as homeowners we really need to look at this and say, you know, we're going to be repairing that over and over and over again, especially as railings have been falling apart. In some cases, they're just rusted through, and in many cases aren't even attached to the wall. So I went through and wiggled all of the east side. I know the ones on the west side that aren't attached, especially on the landings.

Dennis: Well, that will certainly be looked at as part of this project. And we'll make some recommendations to the Board and we'll take advice from the Board as well as to what their goal is as part of this project. Thanks for your question.

Carolyn: I've had this question asked by several homeowners in regards to SB 326 and the repair of our balconies. Whose responsibility is it is it for the flooring, the railings and the side walls, are they all included in the HOA or is that partly owner responsibility?

Dennis: That's a good question. The CC&Rs will dictate who's responsible for what so off the top of my head I can't answer your question tonight. But typically, the HOA is responsible for structural issues, at least. And many times they're responsible for more than that. And so the exterior walls are typically the HOA's responsibility. The railing is a structural issue that's usually the HOA's responsibility. The deck structure is usually the HOA's responsibility. And sometimes if your CC&Rs allow the homeowner might be responsible for the deck coating but that's about it, typically. I'm talking typically because I haven't read your CC&Rs. But most associations do go ahead and take responsibility for the whole thing, especially on a project like this so that they bring everything back to a given standard. I'm not saying that's what your Board will do. I'm not able to fully answer your question as I sit here tonight, because I don't know what your CC&Rs state. And in full disclosure, we're not attorneys, so we we don't interpret legal documents for the HOAs but you know if there's a question about that, usually we recommend a discussion with your HOA Counsel.

Rich: Almost everyone I've seen has been fairly vague, Carolyn. The CC&Rs don't always address specific items like that, they usually say "exterior components" are the HOA's responsibility which sometimes doors and windows may be the homeowner's responsibility, but they're usually quite vague, has been my experience. So usually there needs to be some legal advice on that.

Melanie: In the past the HOA has been responsible except for people that have put tile on the deck, and then they're responsible for the replacement of the tile.

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Dennis: All right. Well, thank you guys. We really appreciate the opportunity to be here tonight. You look for further announcements of future townhall meetings. We hope to have two more before this is all done. We really appreciate it.

Rich: Okay, have a good night, everybody.

Bob: Thanks, Rich. Thanks, Dennis.