

**Downtown I& II**  
**Special Owner's Meeting**  
**March 18, 2010**

The meeting began at 7:10pm.

Guy reported that this was a special meeting of the owners called by notice being provided as required in Sec. 5, Article II of the Bylaws.

Christina announced that we have a quorum of 58.54 percent of owners represented either in person or through a proxy.

Guy presented the two votes that are pending before the Association:

- (1) The Board is seeking permission from the Association to sign a contract with Simpson of Maryland to replace the roof with a gravel asphalt roof that is the type of roof recommended by Seal Engineering and approved by the Board. Guy noted that once the Board approved the type of roof, Seal Engineering put together the specs for the project and solicited bids that were presented in the letter to Owners. After extensive review and discussion, the Board is recommending that we proceed with the contractor that offers the best value, which is Simpson of Maryland.
  
- (2) The second vote is how to finance the roof replacement. The option that the Board is recommending, based on discussions at the annual meeting as well as other conversations, is to take out a loan for \$300,000 from SunTrust. The loan would be a 5 year loan at 7.5 percent interest with no pre-payment penalties. It would be an unsecured loan and would not require the Association be incorporated. The \$300,000 total includes \$250,000 for the roof as well as contingencies, overruns and the contract with Seal Engineering.

Guy stated that this is what is pending before the Association at this time. The Board is not going to entertain additional bids, contractors or engineering firms at this time. Guy clearly stated that if owners are interested in those options they are free to vote against the two votes currently pending.

Guy opened the floor to questions, comments, and discussion.

Tom emphasized that we have been through a lengthy and thorough process to identify the best option for our Association. The Board feels that, although we are not roofing experts, we have done the necessary and appropriate due diligence to ensure we are acting in the best interest of the Association.

In response to a question, the Board replied that Seal Engineering has worked with Simpson and feels comfortable recommending their work.

There was a question about the discrepancy in quotes, noting that one was significantly higher (with a longer length of completion) than the others. The Board responded that they too had been surprised by the large variation in the quotes. Seal provided everyone with the exact same specs. When the Board asked this same question of Seal, the response was that this company is larger, typically has the highest bid, and has a premium price on their brand name.

Again, the Board emphasized that its recommended decision was based on quality, price and length of project time, recognizing that we want to inconvenience owners for the least amount of time possible.

There was another question about the contingencies Tom has built in to his spreadsheet. The Board observed that once the contractor rips off the roof there may be structural damage that we didn't know about and would need to be addressed. There was general consensus that, with the amount of leaks we have had, it's likely there is rotting wood that will be discovered. The Board also emphasized that Richard felt it was critical to build in some contingencies. Tom noted that if we end up not using the entire loan amount, the Association can either end the assessment early or use the additional funds for another priority project.

The Board also noted that there is no such thing as a fixed price contract because no contractor knows what they will discover once they begin work on a project.

There were several questions and concerns about people who aren't likely to pay the special assessment. Tom has built in a cushion to accommodate to those who likely won't pay based on existing overdue accounts. The Board noted that it has already placed liens on 2 properties and, should the owners attempt to sell or go into foreclosure, will try to collect the outstanding amount, including attorney's fees.

There was another question about the timing and logistics of the roof replacement. The Board responded that they will get those details from Simpson and will provide them to the Association as soon as possible. We expect the work to begin within the next few weeks and to be completed by the end of May. Seal will oversee the work to ensure the installation is done to the specs provided. Simpson will also likely need some staging areas that may include the courtyards and/or parking spaces; the Board will work with the parking space owners to accommodate them to the extent possible. It was noted that there is likely to be some inconvenience to owners during the installation process. The Board noted that the roof will be replaced in a water-tight fashion each night and Owners on the top floor will not have to relocate at any point.

There was a question about whether the drain spouts will also be replaced during this process to effectively deal with drainage issues. The Board will look into this.

With no additional questions, attendees voted and left.

The meeting ended at 7:30 pm.

**Results:**

- Ballots were cast by 58.54 percent of the owners. Of the ballots cast, 89 percent were in favor of the Board contracting with Simpson of Maryland to repair the roof.
- Ballots were cast by 58.54 percent of the owners. Of the ballots cast, 97 percent were in favor of the \$300,000 loan with SunTrust.

**Next Steps:**

The Board will proceed with signing the contract with Simpson of Maryland and signing the loan with SunTrust. The Board will notify owners of the work plan by Simpson.

**Addendum:**

The Board pledges the Association's special assessments as collateral for repayment of the loan.

Submitted and signed by:

Christina West

Secretary