

SAN FRANCISCO SUITES CITY SHARE ASSOCIATION

BOARD OF DIRECTORS QUARTERLY MEETING MINUTES

November 7, 2010

The meeting was called to order at 10:30 AM by President Tom Weber. Board members present were: Tom Weber, Jim White, Jeff Reichel, and Larry Schwartz. Mary Lou Dion was absent. Manager Henry Potter was also in attendance. The following owners attended the meeting: Cynthia White, Ramona Martinez, Ede Schmidt, Medsie Bolin, and Bernie Mikell.

Owner Comments and Input: None

After establishing a quorum and introductions the minutes from the August 29 meeting were approved.

Financial Report:

Summaries of financials through September 30 were discussed.

Operations: Year-to-date are in good shape. A positive balance of over \$50k is indicated; however, it was noted that the accounting system assumes income from all units, including those that are delinquent and those owned by the Association. The accounting system reconciles this at the end of the year. Henry will add a footnote indicating this in future year-to-date summaries.

2011 Budget: Final revisions are being completed. Owner assessments will remain the same as last year. It was noted that due to Henry's excellent management we have been able to avoid assessment increases for the last three years, but this can't go on forever.

Revisions to Reserve Study: Henry and Board members have been working to revise our Reserve Study (required by law) to more clearly reflect reality – adding items previously omitted and deleting others, revising estimated costs, etc. Our accounting firm reviews and assures that we meet legal requirements. We have recently completed several expensive projects from reserves – new windows and a new roof. Reserve funds are ~\$450k, representing ~55% of projected needs – considered to be a healthy level.

General Managers Report:

Roof Replacement: The roof replacement is proceeding well and on schedule. No damage was found to the wood structure under the old roof. Sheathing and

final sealing are yet to be done. Railings and some gazebo work will be completed soon.

Hot Water Tank: The hot water tanks were found to be leaking when the solar water tanks were removed. They have been replaced with a single tank of the same capacity.

Property Management System: The company contracted to provide new property management software (Magpie) was unable to adapt it to meet our specific needs to interface the system to our accounting system. Consequently, Henry is working with the consultant who developed our current Filemaker program to interface it with our Quickbooks system. This should be completed in a few months. At the direction of the Board, Henry will formalize the consulting arrangement with a written agreement.

Delinquencies and Foreclosures: Of the current eleven delinquent accounts, two are in bankruptcy, three on payment arrangements, and six (one Master, five Parlors) are in foreclosure and scheduled to be auctioned on January 10. There will be a two-week public notice of the auction. At that time Henry will notify SFS owners in case they want purchase another unit. Purchasers are cautioned to check with the City to see if back taxes may be owed on a particular unit.

Web Site Message Board: There is now a message board on the SFS website (sfsuitesca.com) where owners can communicate directly with each other. For access information owners should contact Sarah Wegner at the front desk.

Old Business

Prioritized Future Capital Projects: As a long-term planning vehicle the Board has developed a prioritized list of capital project needs for the next several years. Of highest priority are those relating to safety and security which are currently being addressed. Next is the exterior of the building – repair and painting; and exterior lighting similar to that originally installed in 1982. The prioritized list will be continually reviewed and updated as circumstances change.

Safety and Security: A consultant has inspected the fire escape and repaired the drop-down ladder. The sprinkler system has been inspected and certified. An evacuation plan is being prepared and will be posted in each suite and at the elevator doors. Henry is consulting with various providers to select the most appropriate security/surveillance system to protect guests and staff.

Decorating Committee: The decorating committee is now co-chaired by Cynthia White and Ramona Martinez. Because of the unplanned need to replace the roof immediately, the approved decorating projects were put on hold until roof costs could be determined. Replacement of the carpet, window seats, and sofas is now ready to proceed. The committee has decided to revisit the selection process to

assure compatibility. A decision will be made by the end of December with installation in January.

New Business

Meeting Dates: The Board set the dates for the next meetings: Quarterly Meeting: Sunday, January 23, 2011; Annual Meeting: Sunday, March 13, 2011.

Signature Authority: The Board voted unanimously to authorize General Manager Henry Potter to sign all contracts for the SFS Association. Contracts \$10K and above will require a second signature of either the Board President or Board Treasurer. It should be noted that this authorization is only for Mr. Potter; any future Manager's signature authority must be authorized by a future Board. In addition, all contracts will be reviewed by the Board President and/or Treasurer prior to their execution.

President Weber will check with our attorney concerning indemnification and bonding of Board members and "officers" of the organization.

Meeting adjourned at 12:20 PM

Larry Schwartz, Acting Secretary