

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE VAUX  
CONDOMINIUMS OWNERS' ASSOCIATION HELD AT 6:15 P.M. DECEMBER 11,  
2008 AT FRIENDLY HOUSE, 2617 NW 26<sup>th</sup> AVE., PORTLAND, OR 97210.**

**PRESENT:**

Larry Emery, Chair  
Stanley Townsend, Vice Chair  
Kevin Kutcher, Director

**ABSENT:**

Sara Burton, Secretary

**OWNERS:**

Eight owners attended (no sign-in sheet)

**I. CALL TO ORDER**

Chair Emery called the meeting to order at 6:15 PM. He reminded everyone that this is a special meeting with three time-sensitive action items on the agenda. Copies of the 2009 proposed operating budget were available to owners in attendance.

**II. APPROVAL OF MINUTES**

Vice Chair Townsend moved to approve the minutes of the December 1, 2008 meeting as presented. The motion was seconded. The motion carried.

**III. ACTION ITEMS**

**A. CMI Contract Renewal**

Chair Emery announced that a new and improved management contract has been written for 2009. It has been signed by CMI after negotiations. He and Vice Chair Townsend were in lockstep throughout the process. Secretary Burton and Director Kutcher were kept informed of all details.

The new contract sets mutual expectations. The wording makes it clear that the Board engages CMI to observe and perform the functions as stipulated in the contract. It states that CMI works for the Board and reports to its officers, and shall use its best efforts in fulfilling its obligations and providing the Board with recommendations on the best operating practices for the Association. Chair Emery read excerpts from the contract and discussed the contents. He mentioned that piecemeal charges for items such as copying, scanning, postage and office supplies, listed in Appendix A, were costly and not easily auditable. By incorporating these piecemeal charges into the management fee in the new contract and by distributing information electronically (via email and the Association website) whenever possible, the 2009 proposed budget amount for Association Operations line item 7105 has been cut to \$2,000, a reduction of more than \$8,000 and the previous Miscellaneous Management expense line item 7285 was eliminated at a savings of another \$2,000.00 rounding down. The management fee line item 7300 will increase from \$2,875 to \$3,300 per month for a net savings of roughly \$5,000 in total for these three line items.

Chair Emery reported that there was quite a bit of discussion about the insurance/indemnification portion of the contract during the process. Our governing documents require indemnification. This section of the contract is now more balanced and clarifies the responsibilities of each party. It was reported that when Chair Emery and Vice Chair Townsend met with legal counsel, only two or three changes were suggested. The independent counsel, who also represents other buildings in the area, was impressed by the quality and management innovations contained in the final negotiated contract citing specifically the emphasis on the shift away from paper based communications and payment processing to electronic mechanisms such as email, the website and the new electronic payment system approach.

To give owners convenient access to their new management contract, the Board would like to have the 2009 contract posted on the Association website. In any event any owner who wants a copy of the old or new contracts may request them in electronic format by email.

Owners had questions and comments about the business of condominium management and how CMI compares to other management companies. There was also some interest expressed by residents in getting together with other local HOAs to compare notes.

**AGREED**

Director Kutcher moved to approve the 2009 contract as presented, as negotiated by Chair Emery and Vice Chair Townsend and signed by CMI. Commencement date of the agreement will be January 1, 2009.

Director Kutcher thanked Chair Emery and Vice-Chair Townsend for their tireless efforts on the new contract. Residents expressed appreciation for their excellent work.

**B. 2009 Budget Approval**

Chair Emery, who has 35 years experience in resource management, said CMI's approach to budgeting is very different than his. The document presented tonight shows approximately how the Vaux will end up financially at yearend 2008 and the proposed budget for 2009 with explanatory notes. There was no homeowners' assessment increase in 2008, but there will need to be one in 2009. To meet expenses in 2008, Operating Contingency Reserves and the Working Capital Fund needed to be drawn down. Some expenses, including nearly all utilities, were significantly higher than projected. Landscaping costs came in lower than anticipated. Chair Emery and Vice Chair Townsend went over the budget line by line with CMI. With a first full year of actual costs under their belts, they feel that the 2009 proposed budget is based on prudent estimates, fair and solid. The current budget cannot be finalized until the year ends and it is closed out and balanced.

Vice Chair Townsend reported that the numbers dictate a 17% increase in homeowners' fees. The alternative would be drawing more from reserves and possibly needing special assessments down the road. With a 17% increase, HOA fees at the Vaux would range from \$231 to about \$650 or approximately 33.35 cents per square foot, within a reasonable range compared to other buildings. 7.5 cents of the 33.35 cents goes to the capital reserve fund.

**AGREED**

Vice Chair Townsend moved that the Board adopt the proposed budget for 2009 as presented with a 17% rate increase in HOA fees. The motion was seconded. All were in favor.

Owner Barb Barwood asked about notification of the fee increase. Chair Emery said owners would be notified in advance, notification would be sent by CMI.

Director Kutcher brought up the fact that some owners have prepaid based on the 2008 HOA fees. Their prepayment won't go quite as far after the increase.

Vice Chair Townsend reminded everyone that automatic payment of HOA fees is available and convenient. Also, when you pay this way no coupons are needed and the Association saves the amount CMI charges for each coupon book.

**C. Clearwire Equipment Installation Proposal**

As discussed in the December 1 meeting, Clearwire Corp. has proposed installing some equipment for their Portland WiMax service on the rooftop of the Raleigh Building. They are interested in moving quickly. If the Vaux Board doesn't choose to allow installation of equipment on the roof, Clearwire representatives have said they are looking at the roof across the street as a backup. As mentioned in the December 1 meeting, Clearwire was granted permission from the Board to visit the roof with Maintenance Coordinator Dave Berg.

As a follow-up to the December 1 discussion, Director Kutcher gathered more information from Clearwire on exactly what they want to install and other details. Clearwire has proposed a \$3,000 up-front payment to the Vaux and \$1,750 per month. The contract would be renewable every 2 years for up to 30 years with a 3% inflation increase in the monthly payment every 2 years. There is no room for negotiations for service discounts at this time. (It might be possible to get a group discount for service as a later and separate deal. Director Kutcher mentioned that DirecTV had brought up the possibility of including Clearwire in a bundle before this proposal came up.) As Chair Emery summarized it, "the Vaux would lease space on the Raleigh roof to them with no care and feeding on our part. We get a stream of revenue that's not insignificant."

Director Kutcher shared images with the Board including one of the Clearwire equipment on the Chown Pella Building in the Pearl District where it has already been installed. The proposed equipment for the Raleigh Building would be housed in a cylinder, 25" x 25" x 62". The City requires placement near the middle of the roof with minimal street visibility. It would look something like another AC unit. It wasn't completely clear whether the equipment would be housed within 1 or 2 structures. Director Kutcher said he would get clarification.

Owners had a couple of questions about the WiMax frequency potentially interfering with other equipment in the Vaux and the rooftop installation. It was determined that the frequency should not be a problem. According to Dave Berg, installation would be similar to the DirecTV installation with no penetration to the roof, no damage to the integrity of the roof. Another owner question came up about roof access. Access would need to be scheduled with Dave Berg.

An owner asked if the Clearwire revenue stream was part of the 2009 proposed budget. The response from the Board was that they would not plan on eating that cupcake, yet.

**AGREED**

Subject to negotiations, Director Kutcher moved to accept a formal Clearwire proposal with the specifications mentioned above (basic terms of \$3,000 up-front, \$1,750 per month, renewable every 2 years for up to 30 years with an automatic 3% inflation increase every 2 years) and the authority to complete the agreement after reviewing a detailed proposal. Chair Emery was granted the authority to move forward. The motion was seconded. The motion carried.

**IV. CONFIRM NEXT MEETING DATE**

At the December 1 meeting, the proposed date for the next regular meeting was Monday, January 26. Holiday Inn Express is not available on that date. The meeting will need to be moved.

**IV. ADJOURNMENT**

The meeting was adjourned at 7:15 PM.