

# VILLAGE PALOS VERDES

## HOMEOWNERS ASSOCIATION

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December 4, 2009

Dear Homeowner(s):

A document was anonymously distributed throughout VPV on or about November 23 or 24, 2009. The wording of the document started with "Dear Board and Plaintiffs, The Mandatory Settlement Conference is here" and included the signature "Sincerely, David Silverberg VPV Board Member October 28, 2009." Homeowners have expressed concern about the nature and content of this document. In this regard, the Executive Legal Committee (ELC) of the Board of Directors (Board) offers these clarifications.

During an Executive Session meeting of the Board, held on 12/1/09, Mr. Silverberg confirmed authoring the document and acknowledged communicating directly with plaintiffs in the Vartanian case about the Mandatory Settlement Conference, yet he denied distributing the document in mailboxes throughout VPV.

The established protocol for VPV Board business communications is to submit all communications directly to Scott Management Company so they may be recorded and managed appropriately. The subject document authored by Mr. Silverberg was not submitted to the Board using this established protocol, therefore only two Board members had seen the document when it was originally distributed in late October to the board and Plaintiffs by Mr. Silverberg. It is unknown who else received the document or how many of the Vartanian plaintiffs were in receipt, however, it had been provided to the Judge presiding over the Mandatory Settlement Conference.

The ELC advises homeowners that Mr. Silverberg was acting in an individual capacity with regard to this document and that the ideas expressed within it are his as an individual and not those of the ELC or the Board. Mr. Silverberg is not a member of the ELC and is not authorized to participate in matters regarding the Vartanian litigation. All Board members have previously been advised that they are not to engage in any communication with plaintiffs regarding litigation. All settlement discussions are held in strict confidence to ensure the settlement process is preserved in the best manner.

To clarify, the following facts are a few examples in stark contrast to the personal hypothesis and opinion provided in Mr. Silverberg's document:

- Siding: The scope of the Exterior Renovation Project is not purely a siding replacement. The project is based on the necessity to repair underlying issues due to original construction deficiencies. The siding must be removed to conduct the repairs. The siding is but one single component of many integrated exterior materials. Not 100% of the cedar siding is planned for replacement. To achieve the targeted \$75,000 per unit assessment budget, the construction consultants, general contractor and architect devised several options for the Exterior Renovation Committee (ERC) and Board to consider. The resulting compromise achieved a savings of approximately \$500,000 to the budget for the special assessment. Mr. Silverberg's account of the maintenance repair notes and portions of the reserve study inspections are misleading and do not tell the whole story. Homeowners who have long-awaited repairs to their units for damages caused by chronic leaks (or are in danger of experiencing some) have a strong disagreement with his evaluation of the information.
- Balconies: Balcony repairs and replacements include integration with other exterior components. Performing the work in a spot replacement manner would void other construction and material warranties. Planned work includes enhanced safety for replacing and installing additional support where existing balconies do not presently have the required sub-structure for the planned decking spans, as well as other necessary repairs / improvements.

- Roofs: Phase 1 roofs were scheduled to be replaced in 2007; Phase 2 roofs were scheduled for replacement in 2009; Phase 3 and Phase 4 roofs were scheduled to be replaced in 2011. All flat roofs have exceeded their life expectancy. Roofing materials integrate with other exterior components and executing replacements as part of the renovation provides cost efficiencies and improved construction techniques.
- Windows and Doors: Replacing windows as part of the repair project reduces risk to the Association for continuing leaks. Allowing owners to choose when to install new windows would void construction and material warranties as future replacements are made in newly replaced and integrated siding. It is not feasible to perform repairs and install new materials which fully integrate with and encase other materials which have an exhausted life expectancy.
- Smaller scope: The planned scope of repairs was approved by the majority of homeowners and it is the Board's obligation to implement that same plan. Mr. Silverberg's theory for a reduced scope of repair is illogical in many respects and places the Association at risk. It would also subject owners and residents to continual construction for numerous years and likely result in a patchwork appearance and increased regular monthly dues. A General Contractor would still be required by the Association to provide appropriate accountability for such repairs. Performing this role is not an option for the Property Management Company to accept.

Work to be performed by sub-contractors for the Exterior Renovation Project was recently re-issued for updated bid pricing. Due to the on-going litigation, the new bids are yet to be released to the ERC and Board for review and approval. Preliminary indications are that some cost reductions should be anticipated through the award of updated bids but that overall pricing has remained relatively consistent with bids reviewed last December. The pricing adjustments will help the Association to manage the work to remain within budget and to be completed on schedule, reducing the risk for any potential secondary assessments.

The Board has a mandate to implement the scope of repairs and the value of the special assessment as approved by the majority of homeowners. Mr. Silverberg's suggestion that the planned repairs for the Exterior Renovation Project be drastically scaled down thwarts the will of the majority of the members who approved the repair plan and the special assessment. It is the obligation of all Board members to put personal interests aside and advance the best interests of the association while respecting, abiding by, and carrying out the decisions of the majority of the Board.

Sincerely,

The Executive Legal Committee of the  
Village Palos Verdes Board of Directors