



February 4, 2013

MATTHEW FRANK CONDOMINIUM – NOTICE OF CONSTRUCTION/STAGING AND PROGRESSION

Dear Matthew Frank Resident:

At the January 14th, 2013 board meeting, the board approved and signed the construction defect lawsuit settlement agreement. The settlement agreement includes a stipulated judgment against Matthew Frank (MF) LLC and Stearns Marnella Construction (SMC) LLC for \$2.5 million. Of which \$1.5 million will be collected at this time from the available insurance policies. After lawyer fees, this leaves the Association with \$1.2 million in cash to begin work on fixing the construction defect issues. The settlement agreement also assigned rights from MF LLC and SMC LLC that allow us to pursue the remaining \$1 million from other sources, under the name of MF LLC and SMC LLC. This will mean the Association will not be under active litigation.

The board has decided to perform a full repair. The current estimate for a full repair is \$2.2 million. The difference in the full repair cost and the current cash via the settlement will be covered through our existing reserves and a line of credit, as needed. We can use our reserve fund to cover these repairs because most of the repairs tie directly to reserve items, resetting the clock once the repairs are complete. The line of credit will allow us to fund the remaining repairs if we are unable to collect more money from other defendants. Once the construction is complete, the line of credit will roll into a loan that we will make payments on through HOA dues. The board decided to go with a line of credit that will be repaid through HOA dues instead of leveraging a special assessment.

At the same January board meeting, a consulting and construction administration contract was signed with Alliance Project Engineers and Building Consultants. Alliance will be responsible for creating all necessary repair details and drawings as well as performing quality control as the project progresses.

Sean Gores Construction has been hired as the general contractor to perform the majority of the repairs; the roof will be replaced by the original installer, JBC Roofing with Sean Gores providing oversight on its install.

The schedule for February is as follows:

- Week of February 4th - Equipment drop off, construction site set-up and staging for Building 2 (southeast corner) demolition.
- Week of February 11th - Demolition of building 2 begins, which will consist of removing the siding and Weather Resistant Barrier (WRB). The building will then be covered with plastic to protect from adverse weather.
- Week of February 18th - Installation of new WRB on Building 2, Begin demolition process on Buildings 4, 6 and 8 (progressing down Leavitt Ave).

Staging Area Location – 2 parking sections, 70 feet, will be blocked off the South end of Leavitt, and 60 feet at the North end of the property. This will be for containers, dumpsters and material/tools storage.

Once the project is up and going, the goal of Sean Gores Construction is to be working on 6 – 8 buildings at any one time, working their way through the even numbered buildings (primarily off the Leavitt side and moving towards Central and then wrapping around to Burlington and finishing on Kellogg. This is an evolving schedule and will likely change once the project is in full swing.

Attached is a plat map for your reference on how the Buildings are numbered and where the work will be starting and progressing. There will be a project board in the middle of the courtyard with the latest information.

Please attend the next board meeting on February 11th at the St. Johns Community Center, if you have any questions.

Sincerely,

Candra A. Cole, CMCA, Community Manager
Candra.cole@managementtrust.com
503.718.5257



Homeowner's Pre-Construction Notification

Sean Gores Construction Inc. started the repairs to your neighborhood on February 11, 2013 (siding removal and associated repairs). Mobilization for the project will start on February 6th, 2013 (sidewalk closures, fencing, dumpsters, and electrical hook up). The repair process will be conducted in phases. The phasing plan and repair schedule is posted on the project board near the mail boxes. Please help us to protect your property by complying with the following:

- Remove all personal items from decks and patios such as outdoor furniture, plants and barbecues. If you need help removing these items, please call and we will arrange a time and crew to help you. All Satellite dishes and systems will need to be removed or relocated from all work areas (responsibility of each owner).
- Remove any fragile items such as pictures, paintings and art work from your interior perimeter walls and away from all windows and exterior doors.
- We will be using the exterior electrical outlets on your building for the required power tools. If a circuit breaker trips, please call and we will assist you in resetting the breaker.
- Please keep children and non-workers away from any tools and equipment at all times.
- Please do not dispose of any household garbage in the construction debris dumpster. This dumpster is to be used strictly for construction debris. If you need any help with the disposal of any material, please ask our job foremen or manager for assistance.
- A more specific schedule will be available shortly. It will be amended as required depending on varied and unknown repairs during construction.
- Please be aware of your surroundings when you are backing out of your garage. We will do our best to pick up all debris including nails from your driveways on a daily basis. If you find any nails, please dispose of them in the garbage.

If you have any questions or concerns during the course of repairs please contact one of the following:

Andrey Krivolenkov, Project Manager: 503-929-9483 (cell) Andrey@SGores.com
Mitch Cauthon, Project Supervisor: 503-432-5088 (cell) Mitch@SGores.com
Jeff Millis, Operations Manager: 503-929-9525 (cell) Jeff@SGores.com

Thank you for helping us protect your property!

