



December 13, 2018

Re: Capital Expenditure Pass Through

VIA Electronic Delivery

Dear Board Members of PDRra: Lois Shouse, Margaret Apodaca, Glenn Henshaw, Sharon Thoms, Mike McCarthy, Beth Ebben,

The purpose of this letter is to provide an updated Capital Expenditure Pass Through proposal to the Board. The attached letter incorporates revised bids and suggestions provided by the Board and contractors following our meetings, discussions and tours since the initial letter of October 23, 2018. This letter addresses four specific projects: (1) The Security System Project, (2) the West Community Entrance Project, (3) the Community Roads Project, and (4) the Fence Project.

Section 3(b) and Exhibit D of the long-term rental agreements (“Agreement”) between homeowners at Plaza del Rey and the owner of Plaza del Rey set forth the process by which projects mutually agreed to by the Board and Owner may be passed through to Homeowners under the Agreement. A copy of Exhibit D to the Agreement is attached to this letter as **Attachment 1** for your reference. Pursuant to the Agreement, the Owner met with the Board on November 12, 2018, and coordinated meetings with the Board and contractors.

The Security System Project

The first project which the Owner sought the Board’s agreement to pass through is the replacement of the Property’s security system (the “Security System Project”). The Board provided its approval of the Security System Project on November 12, 2018.

The Security System Project is generally described as follows: replacement of the server which runs the security cameras and access card systems to certain buildings; acquiring software that integrates the cameras and access cards; and integrating east clubhouse cameras and access cards with the rest of the system. The Security System Project will be completed by Sherlock Surveillance which Owner currently contracts with to maintain the security card system and security cameras. Owner and the Board believe the Security System Project is both commercially reasonable and prudent. The Security System Project is estimated to cost \$18,248.17 and the bid is attached as **Attachment 2**.



Based on Owner's calculations, the pass-through for the Security System Project would be in the amount of \$0.41 per month for the remaining term of the Agreement. **Attachment 6** to this letter sets forth the calculations of each of the pass-throughs described herein.

The West Community Entrance Project

The Owner seeks the Board's agreement to pass through the replacement of the concrete pad at the west entrance of the community. The West Community Entrance Project will replace existing concrete which has run its useful life and requires replacement. The Board inspected said concrete pad and advised: (a) the transition lip into the community should be flat rather than curbed, (b) that aggregate concrete be used, and (c) grading and drainage be modified if appropriate.

The Owner presented the West Community Entrance Project to the Board on November 7, 2018. Following a request by the Board on November 12, 2018, Owner coordinated a site visit to west community entrance with members of the Board, where the Board made certain recommendations towards the project.

Owner has received a revised proposal for this project from Gonzalez Seal which is attached to this letter as **Attachment 3**, along with a map indicating the location of the project. The proposal addresses the Board's recommendation regarding a flat transition lip, provides for concrete and rebar which is as strong as concrete aggregate and more efficient, and confirms that existing grading and drainage should remain intact. The total cost of the project is 15,648.00 and has not changed since the initial proposal.

Based on Owner's calculations, the pass-through for the West Community Entrance Project would be in the amount of \$0.12 per month for the remaining term of the Agreement. The calculation of this amount is shown on **Attachment 6**.

Owner believes the West Community Entrance Project to be both commercially reasonable and prudent and that the Board's consent to the pass through may not be unreasonably withheld.

The Community Roads Project

The third project which the Owner seeks the Board's agreement to pass through is the improvement of certain roads within the community (the "Community Roads Project"). Owner has received multiple bids for this project from Reliable Paving Services, LLC, and intends to



select a bid from DRT Grading and Paving in the amount of \$252,700.00. The Board requested a tour of the proposed road work by the contractor in order to better understand the project, along with a map highlighting the streets included, and a copy of all of the bids for the Community Roads Project - attached to this letter as **Attachment 4**.

Pursuant to the Board's meeting with Reliable Paving Services, LLC, the Board acknowledged that the project is commercially reasonable and prudent. The Board requested additional time to provide a decision on the Community Roads Project, acknowledging that the total cost of the project total pass-through to homeowners could increase as a result.

Reliable Paving Services, LLC, has indicated that material costs are not provided by suppliers until the beginning of January, and to assist in continuing fluid discussions between Owner and Board, has included a "Not to Exceed" provision of \$5,000.00 for material costs at this time. The total cost of the project may therefore increase to a maximum of \$257,700.00.

Owner believes the Community Roads Project is both commercially reasonable and prudent and that the Board's consent to the pass through may not be unreasonably withheld. Based on Owner's calculations, the Pass-through for the Community Roads Project would be in the amount of \$1.88 per month, or a maximum of \$1.91 per month, for the remaining term of the Agreement. **Attachment 6** to this letter sets forth the calculations of said pass-through described herein.

The Fence Project

At a meeting with the Board on June 6, 2018, Owner and the Board discussed a capital project, namely the replacement of a fence located behind the homes situated along Avenida Alondra. The Board advised of reports that a section of the fence behind space 977 needs replacement, and Owner advised of reports that the existing wooden fence situated behind spaces 18-54 has outlasted its useful life and needs replacement. A contractor inspected the fence and determined both areas of fence had outlasted its useful life and required replacement.

The Board advised the rationale behind a replacement fence along the perimeter (spaces 18-54) should be to provide added security for the community. Owner agreed with this advice and requested an updated proposal for the Fence project. The Board had an opportunity to discuss the project with the lead contractor for the Fence project and recommended installing a 7-foot fence with concrete brackets at its base to increase durability and security. The Board requested confirmation that a permit and/or survey is not required for the project. As per City of Sunnyvale's Building Department, the proposed fence does not exceed a height of 7 feet and therefore does not require a permit or a survey.



Owner believes the Fence Project is both commercially reasonable and prudent and that the Board's consent to the pass through may not be unreasonably withheld. Owner has received a revised proposal for this project in the amount of \$115,739.00. The revised proposal and a map of the proposed fence is attached to this letter as **Attachment 5**. Based on Owner's calculations, the pass-through for the Fence Project would be in the amount of \$0.86 per month for the remaining term of the Agreement. The calculation of this amount is shown on **Attachment 6**.

As provided for in the Agreement, any pass-through shall be in addition to annual rent increases and shall be in addition to rent. Homeowners will receive 90 days' advance written notice of the pass-throughs.

We look forward to your response to these projects. Project Sentinel is available to mediate this matter, if necessary, during the week of January 7, 2019. If you have any questions in advance of the meeting, please do not hesitate to reach out to me.

PLAZA DEL REY MANUFACTURED HOME COMMUNITY

Karim Manji, Manager

Cc: Jason Hagen; David Kingery

1225 Vienna Drive
Sunnyvale California 94089



(408) 734-2746 (Phone)
(408) 734-9707 (Fax)

Attachment 1
Exhibit D to Long Term Rental Agreement

Exhibit D

CAPITAL IMPROVEMENT PASS-THROUGH PROCESS

As stated in Section 3(b), in addition to Rent, Homeowner agrees to pay the cost of certain capital improvement projects implemented at the Property, including a return on capital of seven percent (7%). The capital improvement projects that may be passed through to Homeowner include the following: (i) any projects mutually agreed to by the Board and Owner, whether initiated at the request of the Boards or Owner; and (ii) the cost of any project mandated by any governmental agency (whether federal, state or local). These projects are referred to collectively as the "Projects." When used in this Agreement, Board shall mean the duly elected Board of Directors of the Plaza Del Rey Homeowner's Association. In this Agreement, when approval or mutual agreement of the Board is specified, such approval or mutual agreement of the Board shall mean the affirmative vote of a majority of the Board's members voting on the matter, notwithstanding any other provision of the Board's governing documents to the contrary.

Projects requiring mutual agreement. With respect to Projects that must be mutually agreed upon by the Board and Owner, such Projects may be requested by either the Board or Owner; any requested Projects must be both commercially reasonable and prudent; if a requested Project meets such standard, the non-requesting party may not unreasonably withhold approval. If Board and Owner are unable to agree on whether a Project is both commercially reasonable and prudent or if the non-requesting party is refusing to agree to a Project that is commercially reasonable and prudent, the Board and Owner agree to submit their differences to mediation before a neutral third party to attempt to reach agreement on the Project and pass-through. Owner and Board agree to use Project Sentinel in Sunnyvale if available or another neutral third party if Project Sentinel is not available. Any costs of this process shall be added to the pass-through if implemented or otherwise born equally between the Board and Owner. While it is recognized that the Board may consult the Homeowners, the determinations of these Projects and agreement to the pass-through is to be made by the Board and without the necessity of a Homeowner vote.

A party requesting a capital project for approval by the other party must provide sufficient documentation and justification to support the request and provide at least ten (10) business days for the non-requesting party to review the materials at which time the parties shall meet to discuss the project and reach a conclusion on whether a project meets the standards for a pass-through. If agreement is not reached, then the issue will be submitted to mediation as described above.

Owner and Board recognize and acknowledge that there may be Projects which Owner needs to address prior to consultation with the Board on a pass-through of such Project and in such circumstances, Owner may proceed with such Projects and thereafter seek the Board's approval to pass the costs through. The Board agrees to act in good faith with respect to such Projects and resulting pass-throughs and the Owner's decision to proceed with a Project before gaining consent to the pass-through does not adversely impact the ability to ultimately pass-through the cost. Similarly, if a number of smaller Projects are completed, these may be aggregated and submitted to the Board for approval of a pass-through of the entire amount.

Homeowner Initials

Government mandated projects. Projects mandated by any governmental agency (including the State of California or any of its departments or agencies, the Federal government or any of its departments or agencies, the County of Santa Clara or any of its departments or agencies, or the City of Sunnyvale including any of its departments or agencies). Excluding Projects that would be solely the Owner's responsibility under the MRL, these Projects may include any type of compliance related matter imposed on the Property from time to time even if the law or regulation under which the Project is imposed is in effect at the commencement of the Term or any Project related to newly imposed laws, rules or regulations.

General. Costs such as engineering, plans and specifications, and the cost of permits shall be included in the costs of any Projects for purposes of calculating the pass-through.

Any pass through shall be in addition to annual rent increases and shall be in addition to Rent. The amount of any pass-through must be paid in accordance with Section 6 of the Agreement.

The pass-through shall be calculated as follows: Cost per site will equal the total capital cost divided by total sites. The cost per site will be amortized over the useful life of the Project at a seven percent (7%) interest rate and if the Term ends before the pass-through is fully paid, the amount of the pass-through will be subsumed into the market rent under the next rental agreement.

If more than one Project is completed, then more than one capital improvement pass-through may be implemented.

Timing. Homeowners will receive 90 days advance written notice of any amount to passed-through to them under Section 3(b). The Board and Owner agree that Projects need not be completed in order to be passed-through and that calculation of any pass-through may be made on the basis of a signed contract. Should total costs of the Project change after a calculation of a pass-through has been made, then Owner and the Board shall meet to discuss the impact on the pass-through. In addition, the Board and Owner agree that pass-throughs may be implemented upon 90 days' prior written notice at any time during the Term (not just on an anniversary date).

Homeowner Initials

1225 Vienna Drive
Sunnyvale California 94089



(408) 734-2746 (Phone)
(408) 734-9707 (Fax)

Attachment 2
The Security System Project Bid



Sherlock Surveillance
 1169 South 10th Street
 San Jose, CA 95112
 (866) 749-1440
 info@sherlocksurveillance.com
 www.sherlocksurveillance.com

ADDRESS

Plaza del Rey
 999 Saratoga Ave.
 San Jose, CA 95129

ESTIMATE 4886

DATE 08/28/2018

EXPIRATION DATE 09/13/2018

MEMO
 *INTEGRATE SYSTEM

SALES REP
 CLAUDIA KITCHEN

PHONE
 866 749 1440

ACTIVITY	QTY	RATE	AMOUNT
GU-NU70864A 64 CHANNEL RACK MOUNTABLE NVR WITH STORAGE CAPACITY UP TO 8 HARRDRIVES AT 10TB EACH	1	4,200.00	4,200.00T
GU-HD10TB001 10 TB SURVEILLANCE GRADE HARD DRIVE	4	818.00	3,272.00T
GV-VMS F/32CHLS PLATFRM W/3RD, Geovision Gv-Vms F/32Chls Platform With 3Rd Party Ip Cam 24 LICENSE	1	1,060.00	1,060.00T
IR VANDAL DM.4MP 2.8-12MM WDR	2	628.00	1,256.00T
WALL BRACKET	2	65.00	130.00T
OE-350V6 650V/255W/6 OUTLET/LCD UPS	1	750.00	750.00T
Re-assign and document IP scheme for the 13 cameras at Club House East to conform to new VPN configuration	1	525.00	525.00
SLTA5100W-CMR 500' Cat5e Cable	1	179.00	179.00T
SPOE-SW401 4 Port POE Switch 33G	2	98.00	196.00T
Mount Camera, run cable from camera to DVR/NVR and adjust camera focus	2	389.00	778.00
Configure NVR (Video Recording Server) at Main Club House to receive video feeds from cameras at Club House East and integrate both Surveillance Systems	3	175.00	525.00
Integrate Access Control Systems from Club East into Main Club House	5	175.00	875.00
Configure and Set Up on Customer's Mobile Devices	2	175.00	350.00
Testing, training, and de-bugging	1	1,235.00	1,235.00
Miscellaneous network cable, screws, accessories, mounting brackets, tie wraps, etc.	1	175.00	175.00T
Install and Connect new UPS (UNIVERSAL POWER SUPPY)	1	175.00	175.00
Set up desktop computer access to cameras and access control for office staff. Includes 3 workstations.	8	175.00	1,400.00T

Deposit Total = \$9124

SUBTOTAL

17,081.00

Please note that this estimate assumes that VPN connection between East Club House and Main Club house will be provided by ICS (New PDR IT firm)

TAX (9.25%)

1,167.17

SERVICE CHARGE FOR CANCELLATIONS
 MADE LESS THAN 24 HOURS OF SCHEDULED APPOINTMENT
 CALIFORNIA CONTRACTOR LICENSE #979143

TOTAL

\$18,248.17

Accepted By

Accepted Date

SERVICE CHARGE FOR CANCELLATIONS
MADE LESS THAN 24 HOURS OF SCHEDULED APPOINTMENT
CALIFORNIA CONTRACTOR LICENSE #979143

1225 Vienna Drive
Sunnyvale California 94089



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Attachment 3
The West Community Entrance Bid (Version 2)

1225 Vienna Drive
Sunnyvale California 94089



(408) 734-2746 (Phone)
(408) 734-9707 (Fax)

Attachment 4
The Community Roads Project Bid (Version 2)

Plaza Del Rey 2018 Paving Plan



Google Earth
© 2018 Google

5" Paving Areas

2" Petromat Overlay Paving Areas

Plaza Del Rey 2018 Paving Plan

Suggested Paving Plan...

1. 5-6" Paving @ +/- 3,500 SF @ +/- 15 locations
2. 2.5" Paving @ 14,400 SF in 35 locations
3. 2" Overlay Paving @ 62,152 SF
4. Concrete Paving @ (3) storm basins and (4) "dips"
5. Raise G-5 boxes @ 6 – existing OK, use 6 2" paver rings @ manholes

Prep work all at single phase (as able) ok

Petromat Overlay Paving single phase (as able) ok – Petromat install same day (not previous day)

Summary Info...

Reliable Pavement Services, LLC

"Accountability, Competency & Integrity"

Consulting, Design-Build Plans, Bidders Spec's & Documents, Project Management

"Your very own, Pavement Management Professional"

Call: 408-858-2117 Email: Pavemans9@hotmail.com CA Cont. License # 994739

Bid Proposal – Subcontract Agreement – Page # 1 of 2

Date: December 10, 2018 – R2

Re: Plaza Del Rey 2018 Paving Repairs
Address: 1225 Vienna Dr, Sunnyvale CA

Bid Includes: RPS, LLC bidders' packet of bid letter, pricing page & site plan (Revised due to materials increases, since original bids)

Concrete Repairs

1. Remove & replace 8" concrete valley gutters @ {180 SF} – see "price page" details
2. Install with dowels, 12" on center # 4 rebar, 3500psi, 1lb black, broom finish concrete

Asphalt Pre-Patch – 3 streets of work

3. Remove damaged asphalt to a 2.5" depth in 35 locations {14,400 SF}
4. Clean and tack oil entire surface and edges... of all locations
5. Install 2.5" of compacted asphalt paving
6. Existing Petromat Fabric to be assumed and included in pricing
7. Raise utilities existing on site to new Overlay Paving elevations

Overlay Paving – 3 streets of work

8. Transition grind all asphalt to concrete edges with 1.75" to 0" transitions @ 4,577 LF
9. Transitions to be 6' wide or wider, per you paving (machine) plan
10. Install Petromat Paving fabric to just under 52,000 of roadways to be paved
11. Install tack oil to all SF of pavement not covered with paving fabric
12. Install 2" of compacted asphalt paving – average depth with no area less than 1.25" (compacted depth) @ 62,152 SF

Full Depth Repairs (various "other" streets within community – to be marked by RPS

13. Remove damaged asphalt to a 5.5" depth in 20 locations {3,600 SF}
14. Grade and compact existing base rock & install tack oil to all vertical edges
15. Install 5.5" of compacted asphalt paving (2) lifts
16. Install oil & sand on all new joints
17. Note this work cannot be completed with any other work above
18. Replace all Striping @ work on entire project - (note this is an RPS item only)

DRT Grading & Paving...\$ 252,700.00 – week before or after Thanksgiving

Asphalt Surfacing...\$ 255,327.00 – week before or after Thanksgiving

Calvac Paving...\$ 269,650.00 – Week before Thanksgiving

Pacific Surfacing... not included in R1 bid
TARC Construction...not included in R1 bid

Note: If this bid proposal is accepted in 2019 and or the work is to be performed in 2019, the contractors will need a materials escalator of \$ 5,000.00 (NTE) not to exceed, added to these prices. This will be materials increase by the materails suppliers, so it effects all contractors the same. RPS will monitor and verify before passing the final price NTE \$ 5,000.00 to the owners.

Note: Pricing has been collected without any Collusion, whatever.

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Call: 408-858-2117 Email: Pavemans9@hotmail.com CA Cont. License # 994739

Bid Proposal - Subcontract Agreement - Page # 2 of 2

Date: December 10, 2018 - R2

Re: Plaza Del Rey 2018 Paving Repairs
Address: 1227 Vienna Dr, Sunnyvale CA

Note: All contractors in this bid selection process are "A rated" crews - by Reliable Pavement Services LLC

Bid Excludes:

1. Permits, Fee's or Professional Engineering
2. Remove vehicles from construction areas
3. Notifying tenants of construction schedules
4. Remove, replace or adjust utility or electric lines in top 18" of repair areas
5. Water sprinkler shut-off 48 hours prior and 24-hours after all paving operations
6. Repair of any sprinkler lines, sprinkler heads and/or landscaping replacement, caused during concrete or asphalt paving required procedure. (Paving companies are not skilled in these areas) - owners need to plan their own landscape contractor to be on site during or after the paving project.
7. Remove or replace "unsuitable" base materials (if required)
8. Remove or concrete asphalt thicker than quoted (additional fee's & costs required)

Notes:

1. Bids or Budget prices are subject to review in 30 days
2. Payment to Reliable Pavement Services, LLC by Owner/Manager net 30 days from completion.
3. Payment to Contractor of choice by RPS, LLC - within 7 days once job is paid in full.

Sincerely,

Rick Scheibley - Owner / President / Partner

Legal Notice: This bidders' scope of work (packet referred to above) is not intended for redistribution by any other person, company or entity, other than by the specific (job to job) permission of Reliable Pavement Services LLC. No bid may be solicited based on Reliable Pavement Services LLC paper work, other than by Reliable Pavement Services LLC. This includes but is not limited to Contractors, Clients of Reliable Pavement Services LLC, Property Managers or Property Owners.

Accepted: _____

Accepted By: _____

Date: _____

Owner Legal Name: _____

Billing Contact: _____

Trash Collection Date on Property (scheduling detail): _____

1225 Vienna Drive
Sunnyvale California 94089

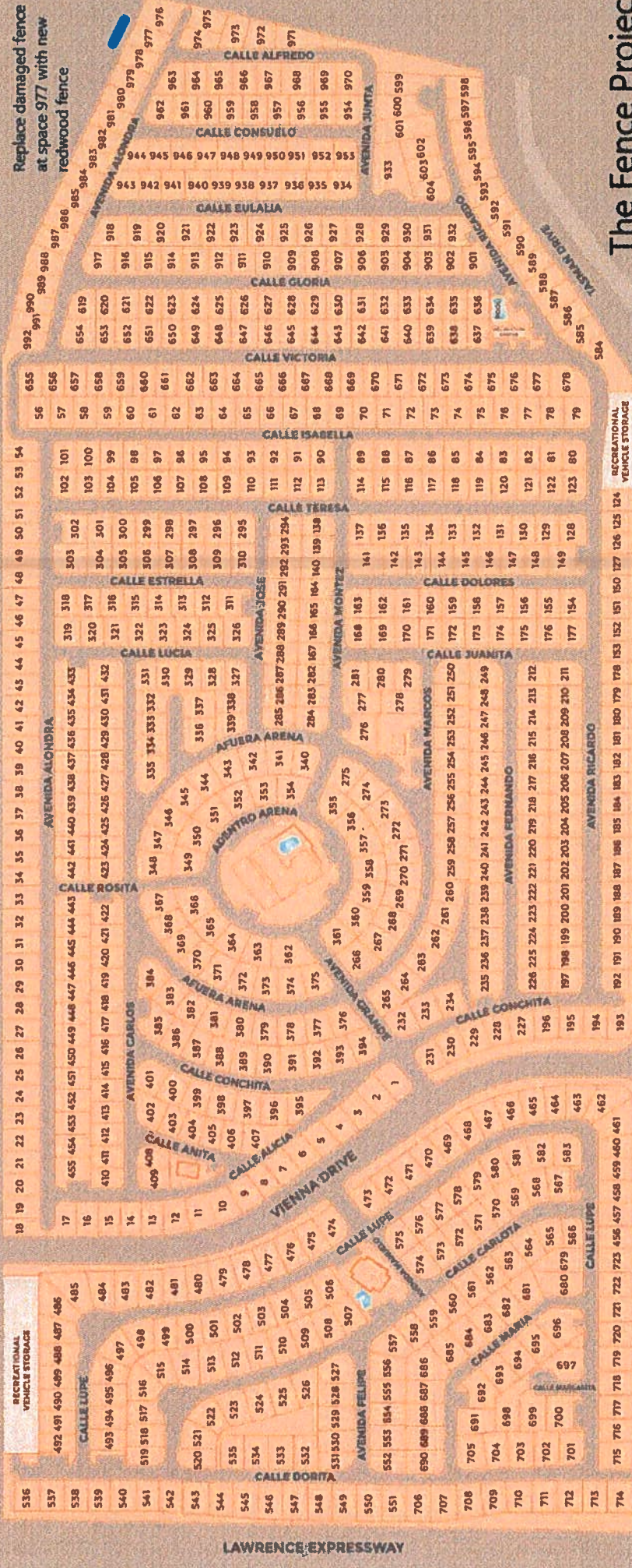


(408) 734-2746 (Phone)
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Attachment 5
The Fence Project Bid

Replace Wooden Fence Along Space 18 to 54

Replace damaged fence at space 977 with new redwood fence



The Fence Project



ESTIMATE

Estimate #	746
Date	Jul 10, 2018

The Fence Man

Reg. No: CA License 546145
 4732 Bordwell Dr
 San Jose
 CA - 95118
 Phone: 4082471797
 donthefenceman@gmail.com

Estimate To:
 Bart Cortez

Products	Quantity	Unit Price	Amount
1936' of 6' fence fence between #18 -#54 - Board on Board style. 4x4 pt post 2x8 pt kick board. 1x8x5 fence board 2-2x4 solid rails with 1x1s all wood except post and kick board to be Redwood .price includes removal of all fence No permit is required	1,936.00	\$38.00	\$73,568.00
if 7' board on board - Nopermitrequired	1,936.00	\$6.00	\$11,616.00
if post set on cb44 brackets	248.00	\$90.00	\$22,320.00
#977 remove concrete wall	1.00	\$4,500.00	\$4,500.00
replace concrete wall with 7' fence on brackets	1.00	\$3,735.00	\$3,735.00
Terms and Conditions NOTE: THIS PROPOSAL MAY BE WITHDRAWN BY US IF NOT ACCEPTED WITHIN 10 DAYS. TWO YEAR MATERIAL AND LABOR WARRANTY UNLESS STATED ABOVE. BALANCE DUE UPON COMPLETION.	Sub Total:		\$115,739.00
	Total USD:		\$115,739.00



Attachment 6
Pass Through Calculation

The Security System Project (APPROVED)

$\$18,248.17 \times 7\% \text{ interest} = \$19,525.54 \text{ total cost}$

$\$19,525.54 / 800 \text{ homes} = \24.40 per home

$\$24.40 / 5 \text{ years useful life} = \0.41 per month

The West Community Entrance Project

$\$15,648.00 \times 7\% \text{ interest} = \$16,743.36 \text{ total cost}$

$\$16,743.36 / 800 \text{ homes} = \20.93 per home

$\$20.93 / 15 \text{ years useful life} = \0.12 per month

The Community Roads Project

Minimum:

$\$252,700.00 \times 7\% \text{ interest} = \$270,389.00 \text{ total cost}$

$\$270,389.00 / 800 \text{ homes} = \337.99

$\$337.99 / 15 \text{ years useful life} = \1.88 per month

Maximum:

$\$257,700.00 \times 7\% \text{ interest} = \$275,739.00 \text{ total cost}$

$\$275,739.00 / 800 \text{ homes} = \344.67

$\$344.67 / 15 \text{ years useful life} = \1.91 per month

The Fence Project

$\$115,739.00 \times 7\% \text{ interest} = \$123,840.73 \text{ total cost}$

$\$123,840.73 / 800 \text{ homes} = \154.80

$\$154.80 / 15 \text{ years useful life} = \0.86 per month