August 5, 2024

Attn: Members of Bayview Condominium Association

530 El Camino Real, Suite 100

Burlingame, California 94010

**Re: Settlement in *Bayview Condominium Association v. Vital Restoration, et al.*;San Mateo Superior Court Case No. 21-CIV-03460**

Dear Members:

As you may know, the Bayview Condominium Association, Inc. (“Association”) was recently involved in litigation with defendants Vital Restoration, Inc. (“Vital”), Universal Services Restoration, Inc., and Business Alliance Insurance Company in San Mateo Superior Court Case No. 21-CIV-03456 (“Action”). The purpose of this letter is to inform you of the status of the Action.

On June 19, 2024, the Association’s Board of Directors (“Board”) attended mediation, and as a result of that mediation, the Action resolved in a final settlement, with the details concerning the Action outlined below.

**FACTS & CIRCUMSTANCES**

On or about August 28, 2019, the Association entered into a Construction Contract (“Contract”) with Vital for water-proofing and related work as it concerns the Association’s podium deck for a total contract price of $250,000. In October 2019, Vital commenced construction work on the Association’s podium deck. However, and as many of you know, Vital’s work was defective in that the podium deck’s waterproofing sealant began to bubble, pock and water ultimately penetrated through membrane down through the concrete slab in between the podium deck and the Association’s common area garage resulting in water intrusion into the garage area below. Between January 2020 and December 2020, the Board repeatedly informed Vital that its workmanship was substandard and that Vital was obligated to take corrective action. Unfortunately, Vital (through its C.E.O. and Vice President) made empty promises to make corrections to its workmanship up until about December 2020 by which time the Board began exploring other options, including filing a lawsuit against Vital.

On June 24, 2021, our office formally filed the Action against the above-named defendants and thereafter litigated the Association’s claims for Breach of Contract, Negligence, Recovery of Compensation Paid to Improperly Licensed Contractor, and Enforcement of Liability on License Bond. There were a few important considerations in this case, including the fact that Vital (as a corporation) became “Franchise Tax Board Suspended” with the California Secretary of State during the course of litigation and that Vital’s insurance defense attorneys made representations that Vital’s principal (i.e., Alberto Galvao) was no longer cooperating with its carrier giving rise to the possibility that Vital’s carrier could withdraw its insurance coverage in the Action. In such a situation, the Association could have potentially been left litigating a case against a defunct corporation with no insurance funds in which to satisfy a judgment by the Association against Vital. Ultimately, given the risks of further litigation, the uncertainty of trial, and the expense of further proceedings, the Board settled the Action as set forth below.

**CALCULATION OF NET RECOVERY**

Pursuant to multiple rounds of mediation and through being awarded attorneys’ fees in law and motion work, the Association was able to formally recover the following sums of money (chronologically):

1. On January 19, 2023, the Association settled with Business Alliance Insurance Company (which is a company that provides contractor’s bonds) and received the amount of **$5,000.00.**
2. On October 12, 2023, the Court awarded the Association **$2,350** in attorneys’ fees for successfully making a discovery motion against Vital (and its’ attorneys).
3. On July 13, 2024, the Association settled with Vital’s insurance carrier and received the amount of **$250,000** (i.e., the Contract Price).

Therefore, the Association recovered a total of $257,350.00. In litigating this matter, the Association expended approximately $88,849.66. Accordingly, the Association’s net recovery in this litigation is **$168,500.34**.

**CONCLUSION**

Based on the facts and circumstances presented above, the Board has gone through the lengthy process of litigating and fully settling the Association’s claims against Vital (and the other named defendants). By this letter, the Board wishes to provide this background and breakdown of the Association’s net recovery to its membership to bring closure to the Action and to memorialize the hard work, diligence and informed decision-making the Board has taken on behalf of the Association and its membership in bringing a final resolution to this dispute.

Thank you for your attention to this matter.

Very Truly Yours,

ALLEN, BAKER & STEPHAN, PC

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