



**The Galaxy Towers
Condominium Association**

February 6, 2004

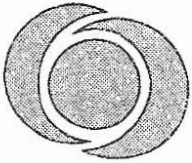
Dear Residents,

It is after many hours of consideration and deliberation that the Board of Directors has decided to deal with some of the problems that are occurring in the driveway since the repairs that were made in 2001 when the area underneath the plaza driveway was uncovered and waterproofed. When the driveway was installed, a "sand-like" substrate was placed over the waterproofing membrane in accordance with a directive from our then Acting General Manager, and an architect that we formerly used. Once the substrate was in place, the pavers that we now have were installed. Little by little, we experienced erosion as we were told we would. Potholes formed, and the contractor, in accordance with his guarantee, sent employees back to pull up some pavers, tamp down more substrate and flatten the affected area. This went on for over a year, while we waited for the driveway to settle, as promised. The settlement never occurred.

When our new General Manager came to work here, she provided us with experienced professionals who surveyed the exterior envelope of the building. At that time, we were surprised to learn that the membrane under the driveway and the membrane under the berm were not attached to each other, and were allowing water penetration under both the berm and the newly waterproofed driveway area. (Remember the large probe hole at the end of the Tower III driveway and the excavated berm?) She immediately advised us of this problem and we undertook the Berm project, to waterproof the berm, and to attach and seal our newly installed driveway membrane in one contiguous piece from the top of the berm to the outer edge of the plaza.

During the waterproofing work, the Board made several changes to the berm project both in design and by adding additional waterproofing work as other conditions became exposed and presented themselves. Drains that were not working were fixed, the bulkhead that was leaking was repaired, and the steps to and from the mini park, which would have been part of the much larger exterior envelope waterproofing project were repaired and turned at the same time as a result of aesthetic and safety concerns by the Board. The widening of the driveway was also considered, and with the help of a professional landscape architect, was approved later in the process when it was determined that during the construction, it would be a cost effective enhancement of the property.

As the driveway was widened, and the pavers removed, our General Manager began to express concerns to the engineer and contractor about how the newly generated three foot wide area of driveway along the curb would be finished. She expressed concerns about putting the same substrate down into this three foot strip, as the same problems that the rest of the driveway was experiencing could occur in this area also. Common sense and logic led Susan to explore options available to the Board with regard to the proper way in which to repair the entire driveway once and for all.



After Susan consulted the Board and expressed her concerns, she was directed to explore all of the options and remedies available and to report back to the Board. She found evidence that suggests that the former contractor used a less expensive substrate at the direction of the then Acting General Manager. At the same time, final payment had not yet been made to the contractor who installed the driveway. On the advice of General Counsel, it was unanimously agreed that litigation was most likely not a prudent, cost effective, or winnable option, so Susan went back to the former contractor and negotiated a settlement that avoided litigation and that saved \$30,000 that could be put toward the repair of the driveway.

After months of review, negotiation and discussions with our engineering consultant, Susan presented this difficult dilemma and the options available to the Board. She advised the Board that she had received estimates in excess of \$115,000 from two experienced sources, but suggested that it would not be logical to hire a different contractor to repair the other side of the driveway when Quality was already contracted to install the 3 foot extension. She advised us that she had been able to negotiate an agreement from Quality Building Restoration, Inc. to do the job at cost, since they were already on site, and were going to install the aforementioned three foot strip of pavers. The added cost to make the repair, if desired, she advised, would be \$85,000, offset by the \$30,000 that was saved in the negotiation with the former contractor, thereby resulting in a net cost of \$55,000 to make the balance of the driveway repair.

After additional consultation with the manufacturer of the driveway system, and both of our Engineering Consultants (Walter T. Gorman and JMA Consultants Inc.) as well as discussions with Quality about the guarantee and performance of the proposed new driveway system, it became clear that the responsible action to take would be to lift the existing pavers, remove the underlying substrate, install the proper substrate and put the pavers back down. This is not a complicated job, and the effectuation of this repair will be guaranteed to alleviate the erosion and pothole formations that continue to plague the driveway.

Accordingly, we write to advise you that after serious deliberation of this issue, and in an effort that is consistent with our mission to put forth correct (and timely) repairs and restoration projects, we feel that it may be necessary at a point in the not so distant future to proceed with this proposed repair. We feel, however that it is not prudent to make the repair until the restoration work in the plaza area and the renovation of our lobbies (anticipated for summer/fall 2004) have been completed. At this time, the pavers in the area adjacent to the berm will be replaced with the same system that we currently have. We will advise you again when we are ready to proceed with the proper driveway repair.

Should you have any questions, please feel free to contact the management office.

Sincerely,

The Board of Directors