

LAKE BARRINGTON SHORES CONDO X
HOMEOWNERS MEETING ON ROOF PROJECT

FEBRUARY 7, 2011

The meeting was called to order at 7:05 pm. The following Board Members were present; John Anderson, Gerda Klumb, and Tom McGonigle. Task Force Members present were Bill Stewart and Joe Wojcieszak. The following Homeowners were present; Robert & Carolyn Borkowski, William Stewart, Chuck Porter, Frank & Lucette Shellenback, Dick Borgo, Al Fosha, Susan Allen, Barb Bartels, Elaine Wojcieszak, Cynthia Watt, Bob Gillogly, Tim Siemon, and Jeff Taylor. The following guest was present; Jesse Schatz from Cedar Roofing Company.

John Anderson thanked Tom McGonigle, as the Chair of the Roofing Task Force, and the Task Force members, for the many hours of effort they have expended in working on the project. Tom then led a discussion of the project and made sure that all the elements were covered. Questions were asked almost immediately, so the Task Force, Mr. Schatz, and the Board spent the evening responding to the issues as they arose.

While there were a number of letters and emails sent in regarding the roof project, most of the questions/issues raised in these documents were a part of the discussion with homeowners at this meeting. The following Q & A presentation should address the major subjects of concern.

The topics of discussion revolved around three main subjects;

Selection of roof material

Skylights

Special Assessment

Question: In prior surveys the majority of HO's requested Cedar Shakes (CS) but the task force and the BOD are going with fiberglass/asphalt shingles (FAS), why?

Answer: In the last survey 56% of HO's who responded asked for CS while the balance requested FAS. When the task force first requested preliminary bids from four contractors the pricing of CS and FAS were relatively close. When specs were formally written and formal bids requested, the pricing on FAS was substantially below that of comparable CS. As has been stated all along, until final specs are written and final bids are received, the objective has been to keep the option open for both materials.

With the pricing issue now known, both materials were evaluated to determine what the best value for the project would be. FAS have a longer life, have little if any maintenance cost over the life of the roof, are safer to work on for Public Works employees and outside contractors like chimney sweeps, have better warranties, and have a better rating against potential fire hazard, than CS. It is important to recognize that the option for FAS is a saving of some \$300,000 on the project reducing the average HO special assessment from \$9,500 to \$6,700.

In addition four other condo's in LBS have made the same choice and for the same reasons; Condos VII, VIII, XII and next spring XI. They have done the same exhaustive analysis of various roof materials and have shared their findings.

As a result the task force recommended FAS as the best value for the project.

Question: I have been told that without adequate venting, serious problems can develop in an FAS roof both in summer and in winter.

Answer: The selected contractor, CRC, was present at the meeting to answer these type questions. His response was that any type roof needs proper venting, and the units he has worked on here in LBS are properly vented. The FAS he would install has a vented ridge cap and the Task Force has authorized replacement of some existing soffit vents that had been painted over some time ago. The roof inspection hired by the task force found some of these vents when they inspected the four buildings last summer. The specs for this project call for replacement as required.

Question: Has it been taken into account that the FAS will detract from the marketability and market value of our units?

Answer: We have questioned a couple of real estate people to determine if the roof material has any significant bearing on the market value of a unit. First there is no stated position in any appraiser's handbook or guideline to this effect. The aesthetic value is hard to measure, but since all of the units in LBS started as CS roofs, the developer must have felt that this enhanced the value.

We are sure that the other condos that opted to replace the CS had to consider this issue as being less important than others.

Question: In light of the building inspectors report, wouldn't it make sense to postpone this work for a year or two?

Answer: The task force certainly considered this, but the inspection report considered only four buildings and that report recommended that maintenance was required to prolong the roofs useful life. Their estimate was \$3,500 for the four buildings they surveyed and that would prorate to about \$21,000 for all 23 buildings in the project. Secondly, there is concern over the rapid price increase in the materials that are part of any roofing project - copper for valleys, aluminum for flashing and curbing, and petroleum for FAS. Inquiries with contractors indicate few suppliers would guarantee costs beyond a few months. Price guarantees for a few years if the project were extended seem out of the question. Additionally, current low interest rates continue, but the long term rates are rising.

The recent winter blizzard and resulting ice will have a negative impact on our current roofs, so now is the time to act.

Question: Why are we suggesting replacing skylights now, and why are HO's being asked to add this to the stated special assessment?

Answer: It was the opinion of the task force that to insure the integrity of the project, skylights should be replaced on all buildings. First, skylights are as old as the roofs, so they will have to be replaced in time. Second, the cost to replace at the time of roof replacement is substantially less than replacing an individual skylight at a later time. Third, the warranty on the roof and skylights become the responsibility of the roof material supplier, the skylight supplier and the contractor installer. If there are any issues during the warranty period it is the responsibility of the above to correct them at their expense.

Skylights, like doors and windows, are homeowner responsibility, so the total cost of replacing would normally fall upon the homeowner. The board however, recognizing the importance of this issue, agreed to pay for the

removal and installation of the skylight with the homeowner paying only for the skylight itself. The contractor provided a very attractive price for a quality, fixed skylight for our buildings, and that pricing is being passed along. Each skylight will cost the homeowner \$ 440. The Board also agreed to allow the homeowner to include the cost of the skylights with the special assessment for anyone who decides to pay the special assessment over time.

Question: Why didn't the BOD provide enough capital reserve to finance this project without a special assessment of the homeowners?

Answer: The capital replacement plan provided for roof replacements on a two to three buildings per year basis for a period of 10 years starting in 2010. Based on the roof project task force recommendation, and for the reasons listed above, the board accepted the plan to move this project forward. It was further agreed that completing the project in one summer would insure the least amount of interruption to the community, reduce contractor cost for setup and tear down to one time, allow the "lock in" of costs, avoid having to come back to homeowners for additional funding, take advantage of lower interest rates, allow maintenance of our capital account for the next siding/staining project due in 2015, and enhance the value of our homes.

Question: Regarding disruption of our homes during this project, what should we expect?

Answer: Our selected roofing contractor offered these comments. During this late summer and fall he completed the work on Condo VIII on Oak Hill. Their objective is to remove and replace the roof on a unit within a building in one day. Typically they will complete a building with four units in a week. Obviously weather has some bearing on this. They will provide a letter to the occupants in advance as to when they will start work. They will suggest removal of pictures or fragile pieces mounted to walls or in cabinets that could be damaged by the nail pounding and hammering associated with roof replacements. They use scaffolding to move over shrubs and plantings that could be damaged and will clean up the site each day before departing the job site.

Your task force has had a chance to observe the safety, cleanliness, and professional approach our contractor has exhibited in his work at LBS. He brings his crews into the project in vans so that cars are not parked everywhere, he will select sites for storage of materials that will be as directed, and he will haul away debris from the demolition of the existing roofs each night or place in a dumpster so it is not left lying on your driveway.

Question: During the roof replacement is there any damage done to the siding where the roof joins the side walls?

Answer: In our specifications we have defined the cost for replacing any siding or trim damaged as a result of the roof removal and replacement. We also have defined unit cost for decking replacement - that is the plywood base that supports the shingles - should any decking be damaged. These are the "other" costs which cannot be determined until the old roofs are removed. Our Public Works staff will supervise and inspect the work as it goes forward so that we can be assured that the project is completed to specification.

Question: I have requested options on payment as offered. Who will provide those figures?

Answer: Every homeowner has received a sheet showing the special assessment cost based on ownership percentage. This is for a single payment. If the homeowner has skylights to be replaced he/she will have to add the skylights at \$440 each to this amount. This will provide the single payment total. If the homeowner wants to select a form of time payments they need to advise what they desire so that the amount of each payment and the principal and interest amount for the financing can be calculated. Once preferences are known, the bank will

calculate payment schedules and show both the principal and interest paid, much the same as an amortization schedule for any loan.

For the basis of your own calculation you can take the single payment as shown on the sheet in your package and divide it by the standard single payment of \$6,700. This ratio can then be applied to the quarterly, 12 payments per year and 36 payments over three years figures in the letter to approximate you costs for each alternative.

Again, based on your submission of a desired payment plan, the board will be able to accurately determine cash flow requirements, borrowing requirements and total project costs.

Once determined you will get a statement from LBS of the specific payment schedule reflecting your choices. The first payments under any option will be due on April 1, 2011 as it is our intent to start the project on that date.

Question: What colors are you proposing for the roofs?

Answer: We have several sample boards here for you to review. We currently have 13 brown buildings and 10 grey. The roof project team has suggested a neutral color that would accommodate any further changes in building colors when the next staining project is scheduled.

Some other condo's have selected a brown roof shingle for brown buildings and grey for grey. Condo XII has a number of different colored buildings and they selected a neutral grey for all buildings.

There is no variation in cost based on color selection, but to lock in our special pricing we need to advise the contractor no later than the week of 2/21.

We welcome homeowners' suggestions here, and the sample boards will be available for your review upon request.

The condo board and the roof project task force will make the color selection at its earliest opportunity.

Conclusion:

There were a variety of others items discussed, but we believe these represent the significant issues raised either by letters submitted or by those in attendance.

The meeting concluded at 9:05 pm.

