

Parkway Towers Condominium Association

HVAC – Community Forum

April 26, 2016 – 7:00 p.m.

Attending: All Board members, 48 members of the Association (a/k/a "owners"), Michael Kern, Matt Tettters, Kimberly Porter, and Ricardo Lases. (Mr. Kern, of Hammersmith Construction Services, is the Association's project manager for the pre-construction phase of possible future HVAC system renovation. Mr. Tettters is an officer of Alpine Bank, a possible lender for financing if a decision is made to do additional renovation. Ms. Porter is the Association's attorney. Mr. Lases is the property/community manager assigned to Parkway Towers by Weststar Management Co., the management company for the Association.)

Possible future renovation of HVAC system includes:

- new risers (the pipes that carry hot or cold water to fan coil units in all parts of the buildingt),
- all (about 300) new fan coil units,
- a new chiller (a piece of equipment for cold water that provides air conditioning),
- replacing some water supply pumps,
- abatement of asbestos related to the HVAC system.
- installing an assembly (per current City code) in the "stacks" (which contain the risers, from bottom to top floors) to decrease chances of fire spreading up or down the stacks.

A decision is to be made at an undetermined future date whether to renovate more of the system. New boilers were installed in the fall of 2015.

Mr. Kern was hired in January 2016 by the Board. He reported tonight that he has worked with engineers, mechanical contractors and other service providers to examine and evaluate ("investigate") the current HVAC system. They have developed tentative plans to lead up to hiring engineers to design the possible future renovation. He said determining what will be the scope of it and having it designed by engineers would have to be done to find out the estimated cost of the project. He said 75% of the investigation has been done. Risers in sample areas (on some floors between 3rd and 11th floors) were tested to determine their condition. Risers at the 3rd Floor, for example, are in extremely poor condition due to deterioration over all the years after the Parkway Towers was built. Risers at upper levels are in relatively good condition. The condition of risers at some floors and the condition of "lateral" HVAC pipes at the top of the building are not yet known.

He said asbestos was found inside fan coil units and on pipes in other parts of the building. He described how abatement would be done in living units. The sequence of part of renovation would be: (1) removing current fan coil units, (2) abatement, (3) installing new fan coil units, (4) installing new risers, (5) replacing the dry wall (and painting it) in the area of the fan coil units. He said this construction phase would take several months to be completed in all parts of the building. He said "a rough estimate" of renovation is between \$3 1/2 million and \$5 million. No precise estimate is possible until engineers design the scope of a project.

He said designing a project would take at least two months and getting "hard numbers" would take six weeks after that.

He said the Board had just received proposals from three engineering companies for designing the project. Hiring one of them could be the next step.

Mr. Tettters said whether his bank would provide a loan to the Association (to finance renovation) depends in part on whether the owners of Parkway living units will support it by agreeing to pay back their share of a loan. He said the bank's collateral would include the right -- in the event an owner defaults on paying back their share of a loan -- to take the money, from that owner's assessments, that normally would be paid to the Association. He said a loan would be amortized over 10 or 15 years. He said another condition in deciding whether to provide a loan is having certainty that the Association is "not draining its Reserves" for other projects. He said possible ways for a loan to be repaid would be owners paying a special assessment, or an increase in the monthly regular assessment ("dues"), or a combination of both. He said the amount each owner would be required to pay will not be known until the cost is determined after the design is completed.

Ms. Porter said it would be up to the Board to determine options that owners would have for paying their share of a loan. Owners that might not pay would be subject to the Association's collection policy.

Owners made comments and asked questions, including: the possibility of abandoning the current risers, thus reducing costs by avoiding a need to abate asbestos and replacing drywall. That plan would have new risers

placed in a different location in the living units. Mr. Kern said engineers would need to investigate the feasibility of that type of plan. One owner suggested requiring each owner to pay 20% of the cost "up front." One owner pointed out that about 1 1/2 years ago the consensus of owners was to have fan coil units replaced with heat pumps. Heat pumps would allow each living unit to control whether it would have either heating or cooling at any time. Fan coil system has only heat part of a year and only air conditioning the other part of the year, and is controlled centrally for all parts of the building. Mr. Kern said heat pumps would cost about 20% more than fan coil units. One owner suggested replacing risers just on the lower floors where the condition of risers is very poor. The HOA Board president said that suggestion can be presented to mechanical engineers for consideration.

Adjournment: 7:10 p.m.