

Buildings & Insurance Report (Pat Olsen)

BUILDINGS

1. Roofs:

In 1994, started program to completely replace roofs. Best long-term solution, better investment than overlaying existing roofs with new shingles.

In 1998, started using 30-year Timberline shingles. Gives roofs a wood shake look.

In 2004, used GAF-shingle warranty settlement proceeds to replace parts of 9 roofs.

Since 1994, roofs completely replaced on 32.5 buildings. Roofs remaining to be replaced: 34.5. Of these, 10 replaced between 1988 and 1993, and 24.5 over 20 years old.

Careful assessment of roofs in 2008 as part of Reserve Study.

Conclusion: three roofs per year is the appropriate pace for roof replacements.

In 2010, 3 roofs scheduled to be replaced: 814, 815, front of 924, and front of 1005.

2. Gables:

Started program to replace siding in building gables:

Sheathing installed behind siding

Fiber-cement board (Hardiboard) being used for siding

Very durable and long-lived, hail resistant

10 of 56 gables done through 2008 with 9 more to be completed by mid-December

Eight gables scheduled for 2010, after which 28 will be left to do

Siding replacement is a phased, multi-year program.

Most visible gables with siding in worst condition will be done first.

3. Eaves:

Started program to:

Refurbish or replace all soffits and fascia as appropriate

Also works to keep birds and small animals (squirrels, mice) out of attics

11 of 67 buildings done so far with 8 additional buildings to be completed before year end

Nine buildings scheduled for 2009, after which 31 will be left to do

Another phased, multi-year program

4. Exterior brick:

Maintenance program:

Ongoing program of inspecting, repairing and tuck-pointing brick

In 2003, finished going through Meadow Creek after 10+ years

This year was sixth year of going through the property again.

Chimney structures:

Rebuilding two per year

Three years to go on program

Any needed repairs to chimney flue are responsibility of unit owner

5. Front doors:

Replacement of front doors:

Installing new style for front door: one door instead of double doors
Width of new style of door: 42 inches instead of 36 inches for double doors
Narrow side light (window) on each side of door
Will allow installation of access controls on buildings if that is desired in the future
7 front doors replaced with new style: 803, 805, 809, 819, 823, 825, and 1011
2 front doors scheduled for replacement in December: 926 and 950
Front doors replaced on 22 of 67 buildings in last 14 years with the other 45 doors more than 15 years old
Taking a new approach to painting front doors: local body shop to paint, only with a relatively matt finish instead of a high gloss. The paint should then be much more durable. To date, have tried a variety of approaches to painting the doors (using paint bonding agents, painting in controlled conditions off site, and painting electro-statically), but the doors continue to get scratched up quickly. Having a body shop do the painting should produce a much more durable surface.
Existing front doors:
Beginning in December, will start replacing just the doors (not the whole frame) for 10 buildings: 813, 815, 816, 817, 1002, 1004, 1009, 1010, 1016 and 1027
Doors will be painted at the body shop (if that approach tests out)
Process will take until March to complete
Work on repairs to other 48 doors at the same time

6. Plumbing:

Water leaks:

Continue to look for ways to reduce
14 years ago activated pressure reducing stations in each building. Reduced water pressure from 95 PSI to 40 PSI. Significantly reduced leaks.
In 2005, installed grounding rod for each electrical panel. Installed grounding rod to reduce electrolysis in plumbing lines and thereby, reduce leaks.
In 2006 and 2007, installation of the grounding rods appeared to reduce leaks.
In 2008, big upsurge in leaks, but in 2009, leaks down again:

2007	\$23,700
2008	\$33,300
2009 through November	\$21,200

The 2009 budget reflects this with \$25,700 budgeted for water leaks.

Call Association office (952-935-9565) **anytime** you see water where it does not belong.
Will respond 24-7.

Association policy: failure to promptly report a water leak can make the owner responsible for the damage, regardless of the source of the water leak.

Hot water re-circulating pumps working well:

Pumps keep hot water moving, so that residents at far ends of buildings can get hot water within a reasonable period of time.

Pumps checked two times per year

If you need to wait more than a few minutes for hot water on a consistent basis, please call Association office.

Water softeners:

Equipment is fairly old.

All 28 water softeners completely overhauled in 2004
Program of annual inspections and servicing started in 2005 and has continued.
Sudden upsurge in maintenance and repairs in 2008, but down substantially in 2009.
In 2009, 3 water heaters replaced as the first phase of long-term program to replace all water softeners.
Softeners tested weekly

7. Mechanical equipment:

Boilers for heating system:

Completely inspected, tested and serviced each fall
All new controls installed in 2005
New operating protocol introduced for 2004-05 winter based on training from Center for Energy and the Environment
Reduction in natural gas consumption as a result of new controls and new operating protocol: 14.3%

Concrete boiler room floors (buildings south of Old Settlers Trail):

Some deterioration of concrete floors in 38 years
Major repairs made to 14 of 19 floors
One floor mostly replaced in 2008: 1027
Two floors with major repairs in 2009: 706 and 1007
Floors will be sealed to make concrete more resistant to deterioration.

Water heaters:

Commercial water heaters are not very efficient.
Of the natural gas used at Meadow Creek, 23% used to produce hot water
Selected new type of water heater that is 95% efficient, and will start using for replacements in 2010.

8. Laundry rooms:

Replaced locker fronts in all buildings in 2003
Continuing to build rental lockers in laundry rooms where they will fit
Constructed counters next to rental lockers in some laundry rooms to give residents places to fold laundry. Will work to speed up counter installation in 2010.
In 2007, beginning to switch from top-loading to front-loading washers as machines require replacement: use less water, clean better, and last longer
Also in 2007, beginning to switch from coin-operated to magnetic-card-operated machines.
All new machines will be card-operated going forward.

9. Issues for unit owners:

Replacing carpet and other floor coverings in units:

Need to notify Association office **in advance**, and coordinate work with office

Purpose:

In second-floor units, while plywood sub-flooring uncovered, Association will screw down the entire floor at no cost to unit owner. Objective: help solve some of the noise problems related to the floors

In first-floor units, while concrete floor is exposed, Association will caulk all cracks and gaps where the floor meets the outside wall. Objective: keep out

water along with insects and vermin

For owners going out of town for an extended period, arrangements should be made with the Association office to:

Check units periodically, especially for leaks that would otherwise not be discovered until the owners returned

Move vehicles for snow plowing during winter and lot maintenance during summer

Owners can have keys copied at no charge at Association office if key blanks in stock

If Association does maintenance work in a unit, should find copy of maintenance request with comment card attached. Call Association office if do not find this, or if there are problems or questions with work.

Association allows second air conditioner sleeve in a unit:

Will work with owner to accomplish

Window air conditioners *not* permitted

Alternative to sleeve air conditioner: portable floor unit on wheels that exhausts hot air through narrow vent at window. Call Association office for details.

Association working with new supplier and contractor for patio door and window sash replacements:

Look for info in separate mailing in December 2009 or early January 2010

Patio door and window sash program for 2003, 2004, 2005 and 2006: almost 16% of units had new doors and windows installed during those 4 years

Please use licensed electrician if doing electrical work in unit:

Can severely damage building electrical system if work done improperly

Improperly done wiring caused a building fire in February 2007.

Owner responsible for damage if work done improperly

Electrician began visiting Meadow Creek monthly to do work beginning in 2009. Cost of work normally less if electrician already at Meadow Creek. Call Association office for details.

INSURANCE

1. Insurance issues:

Insurance premiums have almost quadrupled since from 1997 (\$24,900) to 2008 \$91,800)

However, for 2009, largest drop in premium (down to \$86,700) since 1999 and with 10% increase in building coverage

For 2010, premium remained the same.

Renewed coverages with American Family on November 1st

Working to make sure coverages are adequate and do not leave any gaps.

Also working to make sure Association not paying for any unnecessary coverages

2. Insurance claims:

2000: one claim

Fire in attic caused by Time Warner. Collected from their insurance.

2001: three claims

Two minor trip and falls: one in May and one in July

Hail damage on June 11, 2001

2002: *no claims!*

2003: three claims

First trip and fall: \$5,000 in medical expenses paid

Second trip and fall: \$4,034 in medical expenses paid

Third trip and fall: settled for \$15,000 plus \$3,000 of medical expenses

2004: *no claims!*

2005: one claim

One trip and fall: settled for minor medical expenses.

2006: *no claims!*

2007: one claim

Fire in ceiling of second-floor unit. Caused by faulty wiring done by previous owner.

2008: four claims

Two slip and falls, and three trip and falls. Settlement entered into for one slip and fall: \$20,000. Medical expenses paid for one trip and fall: \$150.

2009: one claim

Trash Building #7 burned to the ground. Arson by renter's son.

Note: "trip and fall" represents fair weather situation and/or situation with no adverse conditions, so no property-related reason for fall

3. Insurance needed by individual owner in addition to Association insurance (see attached)

MEADOW CREEK CONDOMINIUMS

November 25, 1997

The following is an outline of the insurance coverages that a unit owner needs in addition to the insurance coverages provided through the Association.

Resident Owner

1. **Property Insurance.** Some additional property insurance is needed to cover the cost of any significant improvements which are made to a unit. If there is damage to the unit, the Association will only replace components and finishes to the standard that is normal for Meadow Creek.

For example, the normal floor covering for a kitchen is sheet vinyl. However, parquet flooring may have been installed. If the floor is damaged, and the Association is responsible for covering the cost of replacing it, the Association will only pay for the cost of new vinyl flooring. Additional insurance is needed to cover the difference in cost between sheet vinyl and parquet.

2. **Personal Property.** The Association is not liable for personal property. Any damage to, or destruction of, personal property needs to be covered by additional insurance.

3. **Insurance for Loss of Use.** This coverage is also not provided by the Association. If you cannot live in your unit because of a fire, for example, you need coverage which will pay your costs for living elsewhere.

4. **Liability Insurance.** Additional insurance is needed for any situation where the unit owner is held responsible for property damage or personal injury rather than the Association or another party.

5. **Insurance Deductible.** The Association's property insurance policy has a \$5,000 deductible. If, for example, a fire starts in a unit, and the unit owner is held responsible, it will be the responsibility of the unit owner to pay the \$5,000 deductible. The unit owner needs additional insurance to cover this possibility.

For a resident owner, an insurance policy referred to as a form "HO6" should provide all of these coverages.

Investor Owner

1. **Property Insurance.** The same additional insurance is needed as in the case of a resident owner.

2. **Personal Property.** Renters should be strongly encouraged to purchase renter's insurance to cover their personal property. The Association is not responsible for any personal property.

3. **Loss of Rents.** If a rental unit is destroyed by fire, loss-of-rents coverage is needed to make up for the rent that will be lost until the unit is restored.

4. **Liability Insurance.** As in the case of a resident owner, additional insurance is needed for any situation where the unit owner is held responsible for property damage or personal injury rather than the Association or another party.

5. **Insurance Deductible.** As noted above under Resident Owner, the Association's property insurance policy has a \$5,000 deductible. As in the case of a resident owner, if a fire starts in a unit, and the investor owner and/or his/her renter is held responsible, it will be the responsibility of the owner to pay the \$5,000 deductible. The owner needs additional insurance to cover this possibility.

An investor owner should consult with his/her insurance provider to determine how best to obtain these additional insurance coverages. If the investor owner is also a homeowner, the additional coverages can often be added to the investor's homeowner's insurance policy at little or no additional cost.