

Americana Condos

1121 Albion Street, Denver CO 80220
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20th October 2017

Dear Americana Owner,

The annual owner meeting will be Tuesday, November 14th at 7pm on the 10th floor of the Americana. There will be three positions open on the board and a budget vote. We ask that owners attend in person if possible or designate a proxy otherwise.

You will notice in the proposed budget for 2018 that we would like to raise the monthly dues to \$390. The reason for this proposal is that we have many expensive issues that we will have to address over the next few years and increasing the dues is one of the most efficient ways to increase our reserves.

There are many issues that have resulted from either components reaching the end of their life or from years of deferred maintenance. You will find a detailed list of the issues and estimates of what the associated costs will be in the pages that follow. Overall, we are looking at about \$950,000 in repair or replacement expenses over the next few years. Even with an increase in dues, our reserves will still be lower than required and we may still need to issue special assessments to cover some of the expenses. At the time of the October HOA meeting our reserves were apx. \$80,000, with the annual reserve contribution at \$50,400. The increased dues will boost our reserve contribution in 2018 to \$95,808.

We would like to remind everyone that while these numbers seem high, the repairs will greatly improve everyone's enjoyment of the building, curb appeal, and property values. This is important to keep in mind as the 9th and Colorado development continues to progress.

In April of 2016 the board obtained a reserve study and asked owners to vote on a special assessment at the annual meeting to start saving for the long list of overdue maintenance items. There were not enough members present to conduct a vote, so the assessment did not happen. We have also had several other contractors or engineers out to provide estimates for various repairs. Continuing to defer these repairs will result in more costly expenditure in the future and possible emergency replacements. Deferment will also result in costly repairs piling up quickly, as happened in 2016.

This year we have had two unexpected large maintenance items (the deteriorated south parking ramp and drain pipe deterioration in the 08 stack), and one large maintenance item due to negligence (the flooding of the elevator shaft by the pool company). The elevators also required other maintenance unrelated to the flooding. We frequently have problems with the elevators being stuck on floors due to failing door mechanisms. These repairs are still ongoing.

A sewage drain stack failed in several areas between the 2nd and 4th floor leading to the tearing out and replacing of the pipe along with a total restoration of the bathrooms on two of the floors.

In an effort to proactively try to avoid similar expenses with other drain stacks, we are having the drains all scoped to determine if any of them need repair. If we can get ahead of this kind of maintenance, we can avoid costly repairs associated with unexpected restoration in the future.

Over the next 1-5 years the following items are expected to need urgent attention:

- Chiller and condenser replacement to continue providing air conditioning
- Parking deck concrete repair and coating
- Balcony deck recoating, panel and rail replacement
- Air intake unit
- Second water storage tank needs replacement
- Drain Stack Repair/Reline/Replacement
- Pool resurfacing

The full reserve study is on 1121albion.com if you would like to see the full list of suggested repairs. The items that we are addressing now are only the most urgent.

Details

Chiller and Condenser

Unit is old and vendor reported that the unit should be replaced soon. Replacement cost is estimated at \$125,500. The coolant that the current chiller uses is also being discontinued by the EPA and will become much more difficult to obtain, and costly.



Parking Deck

Engineering report specified that there are areas of the concrete that need to be repaired and sealed. Our current deck no longer prevents water intrusion, which can (and has) caused rapid deterioration. The longer this repair is put off, the more costly the repair will be. These repairs are estimated to cost a minimum of \$350,000, with a maximum estimated cost close to \$1,000,000. For the sake of our above estimated urgent repair costs, we used the minimum estimate of \$350,000.





Balcony Deck Recoating, Panel and Rail Replacement

Due to the design of the building, the decks retain water more than they should. This can and has caused deterioration. The reserve study suggested that we coat the balconies with a protective sealant to minimize water damage. The rails are in poor condition. Rusting of the metal rails is apparent. The wood panels are heavily weathered and many of the panels are cracked and bulging. Balcony railings should be painted/re-coated on a regular schedule in order to restore good appearance and protect the railings from excessive surface wear. If railing is exposed to the elements without adequate coating for an extended period of time, useful life may be severely reduced. Rails should be painted every 5 years. Rails and panels should be replaced every 30 years. Deck should be recoated every 15 years. Recoating the decks is estimated at \$38,350. Replacing the panels and rails is estimated at \$183,600. Painting them is estimated at \$28,200.



Air Intake Unit

Unit is part of the original mechanics and has reached end of life. This device is used to regulate and circulate air as part of our heating, ventilating, and air-conditioning (HVAC) system. This is in the boiler room in a hard to reach space and no photo is available at this time. Estimated replacement cost of \$50,250.

Second water storage tank

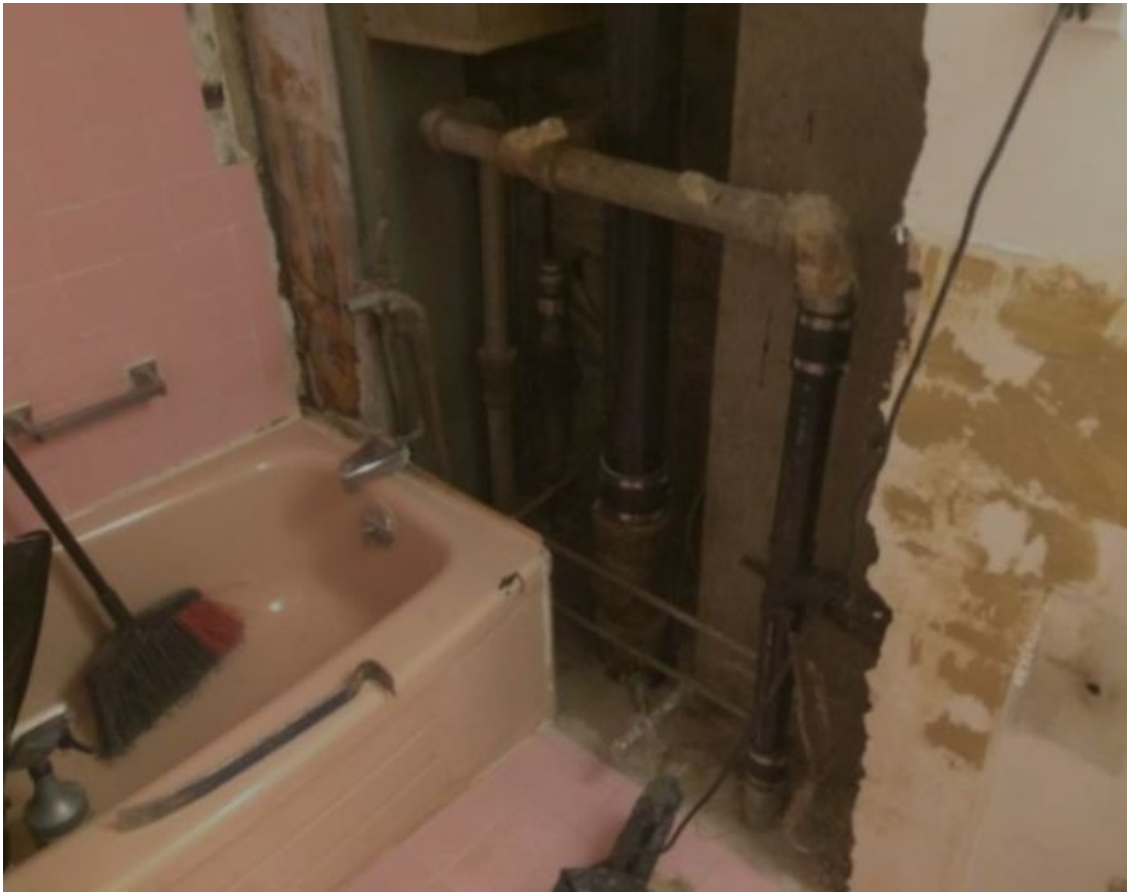
The building has two water storage tanks. One failed in 2016 and required an emergency assessment to replace. The second tank is also end of life at 31 years old and its replacement should be planned. The cost to replace the first tank was \$8,775.



Drain Stack Repair/Reline/Replacement

The problems in the 08 stack earlier this year has led to the need to evaluate the conditions of the all drain stacks. The drain stacks are past their expected life and we are working with a plumbing professional to determine if the drain stacks can be coated in place to indefinitely extend their life. The cost is estimated at \$15,000 a stack. There are ten stacks so at a minimum the work is expected to cost \$150,000. If the pipes are able to be fortified in place that will prevent entering units and tearing out walls to replace the pipes as was required in the 08 stack.

(photos on next page)



Pool Resurfacing

Pool resurfacing will restore the aesthetic quality of the pool while protecting the actual concrete shell of the pool from deterioration. The resurfacing will also prevent water seepage into the surrounding parking deck. This work was estimated by the reserve study to cost approximately \$13,500.

Jeanette Booher

Americana Condominium Association Inc., President