

April 12, 2016

Dear Carillon Homeowner,

As you are aware, among other things your Carillon Association Trustees have a fiduciary responsibility for the Carillon Building. Maintaining the condition and value of the property, through various repairs and building initiatives, is within that responsibility. Due to reports of window leaks after driving rain storms (mostly on the south side of the 03 units) **the Board initiated a review of the condition of every window in the building** and took steps to identify, where possible, the source of any identified problems.

At the same time, due to concerns over the appearance of visual evidence of cracking and staining of the Fiberglass Reinforced Concrete (GFRC) panels and noting the possibility of deterioration of some of the caulking around the windows and GFRC panels, **the Board hired the firm of Simpson Gumpertz and Heger (SG&H)**, a company that specializes in engineering of structures and building enclosures, to undertake an inspection of the building façade to identify problem areas and make recommendations for the steps needed to seal and preserve the integrity of the building envelope. At SG&H's recommendation **the Board followed up their report with a contract with Phoenix Bay State Construction to replace the caulking above the windows on the south side of the building over the 6th and 7th floors** where the deterioration seemed to be most advanced. At the same time, **a core sample was taken from one of the GFRC panels at the rear of the building and tested for moisture penetration.** The panels around the sample area were then coated with two coats of sealant.

After an exhaustive review, it was determined that **the scope of work necessary at this time will require the re-caulking of all of the joints around each window frame and GFRC panel**

in addition to cleaning and sealing the surface of the GFRC panels with two coats of KEIM Royalan exterior mineral silicate. The products to be used are specifically designed for our regional conditions, come factory recommended and should hold up over the course of the next 14-16 years. As the results of each new report were received and our understanding of the problems broadened, it became clear that long term, the approach outlined above will prove to be the most economical and will best conserve our precious financial resources.

This project is not one that is being undertaken lightly. For over 8 months, members of the Board have researched the various options available and working with a number of individuals highly knowledgeable with all aspects of building construction (and in particular exterior envelope restoration) who have developed extremely detailed specifications for the project. Three contractors ultimately responded to the Board's Request for Quotation, and after detailed analysis of all the quotes, the Board selected Phoenix Bay State Construction Co. as the primary contractor for the project with the work to begin next month to take advantage of the summer weather. SG&H will oversee the work. The total cost to the Association for this project will be \$325,000.

Two very important aspects of this project are how to fund the work needed now and, at the same time, rebuild our reserves to cover our needs for the foreseeable future. Toward this end, as stated in our December letter, **the Board contracted with the firm of On-Site Insight to undertake a reserve fund study** to pinpoint as near as possible what our reserve needs are likely to be in the years to come. On-Site Insight's conclusion is that in order to fund this year's work and lay the basis for our future needs, we will need an initial assessment of \$525,000 and an increase in our annual reserve fund contribution from our present rate of \$22,783 per year to one of \$34,783 per year adjusted annually for inflation. Barring unforeseeable emergency

expenses, this plan would allow us to meet our reserve needs for the next fifteen years before a similar capital infusion would be required. The Board believes this is a “worst case scenario”.

After considerable discussion, **the Board has decided to break the assessment into two stages. \$325,000 due by June 15, 2016 will be sufficient to meet expenses for this project. The remaining \$200,000 to meet other expenses projected by the reserve study may or may not be needed and a decision will need to be made before the end of 2017.**

See the attachment from the Master Deed for the percent of the total assessment you must pay by June 15th. For example, if you own a three percent interest in the Carillon your assessment due on June 15 is 3% of the \$325,000 or \$9750.

We will have our consulting engineer from SG&H at the April 25 annual meeting to answer technical questions which you may have about the project.

Thank you in advance for your cooperation and patience during this major Carillon Building exterior envelope restoration project. If you should have any questions or concerns, please feel free to communicate directly with any Trustee.

Sincerely, Carillon Board of Trustees

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