GHI Member Information Meeting
Part II: Masonry Homes
April 25, 2015
2:00p.m. – 4:00p.m.

STEVE SKOLNIK

OK, let's get started! Good morning and welcome, everyone! My name is Steve Skolnik. I currently serve as President of your Board of Directors. Let's start with TWO announcements: If you have a question about the Homes Improvement Program, the Pilot Program, the Replacement Reserves Program, or other matter regarding your ***masonry home***, I invite you to write your question on a card, available at the table near the entry to this hall, and hand it to one of our volunteers. Throughout this meeting we are collecting cards, sorting and collating, so we can do our best to respond quickly and effectively to answer your questions. One question per card, please, for sorting purposes …

We have prepared 3 handouts for you today, which were placed on your seats: there's a GHI map of where the Pilot Program homes are located, and what improvements were made to each; there's a table of ESTIMATED costs for H.I.P. member option improvements; and there's a sheet giving the motions that the Board of Directors will present for membership approval at the May 14 annual meeting (which I'm sure you all will attend with enthusiasm!)

Let me introduce some folks who are on the podium with me. First, though, how many of you are new to GHI, raise your hands … OK, and now let's see hands of those for whom this is your first meeting about the Homes Improvement Program. Great!

- Board of Directors members who are present are:
  - Bill Jones
  - Diana McFadden
- Jim Cohen, Buildings Committee Chair

- GHI staff members present are:
  - Eldon Ralph, General Manager
  - Joe Perry, Director of Finance
  - George Bachman, Director of Maintenance
  - Joan Krob, Director of Member Services
  - Tom Sporney, Director of Technical Services
  - Sheri Swaim, Special Assistant to the Manager & Communications Coordinator
  - Maesha McNeill, Human Resources Manager
  - Christine Gyemfi, Leasing Coordinator
  - Monica Johnson, Member Services Administrative Assistant

I would like to thank our volunteers collecting your question cards. (RAISE YOUR HANDS AND SMILE!)

I also want to thank Greenbelt City Council for their continued interest in and support of GHI: [ANNOUNCE NAMES OF MEMBERS WHO ARE PRESENT]

And of course, thanks to the Greenbelt Volunteer Fire Department and Emergency Medical Service for making this hall available for our use today.

I need to mention a few housekeeping items: First, our meeting needs to end promptly at 4:00pm. During the question/comment period, those who wish to speak should approach the microphone and line up; limit your remarks to 2 minutes or less, so everyone has a chance. If you've already spoken, please do not get up to speak again until all who wish to speak have had one opportunity. And while we may have differences of opinion, let us express our thoughts respectfully, and avoid any personal comments about others.

Our agenda today includes:

- H.I.P. work items that are funded through the Replacement Reserves Program (RRP)
- H.I.P. work relating to the crawlspaces
- H.I.P. work items that the Board has recommended to improve our homes, to be selected by individual members for their own homes
- General timeline for the Homes Improvement Program.
- The rest of our meeting will be dedicated to your questions and comments.
- Adjourn at 4pm sharp.

Now it is my pleasure to introduce Jim Cohen, our wonderful and long -time chair of the Buildings Committee, who will talk you through the Homes Improvement Program work items that are funded through our Replacement Reserves Program.

JIM COHEN, CHAIR OF BUILDINGS COMMITTEE

Scope of Reserve Funded Improvements to MASONRY Units and Their Estimated Costs

GHI created the replacement reserves program in the early 1980s to facilitate the generation of funds needed to replace various components of our coop homes' infrastructure, including such items as roofs, doors, windows, siding on frame units, baseboard heaters, water heaters, underground piping, etc. These components have different lifespans, so the replacements of building components don't all occur at the same time. For example, our electric baseboard heaters have about a 25 year lifetime of use before they need replacement. GHI replaces the heaters when that lifetime period is reached, instead of waiting unit the heaters actually break down.

All of us GHI members pay into the Replacement Reserve Fund through our monthly fees. To save costs and promote ease of repair and replacement, the same style and brand of the infrastructure item is selected for installation in each type of unit. For example, in the last rehab in the 1980s, new windows in brick units were all planned to be "sliders". However, members wishing to have casement windows – which open outward with the use of a crank – may do so by paying the *difference* in price between the sliders covered by replacement reserves and the casement windows.

Many of the components to be included in the Homes Improvement Program – for all units -- consist

of items already included under Replacement Reserves. These include the following, by type of unit . . For **block units:** baseboard heaters, windows, and doors are funded under replacement reserves. Estimated costs for heaters are $130 each. Block units have seven baseboard heaters, so the total cost for block unit baseboard heater replacement will be $910 of Replacement Reserves Funds.
For block unit windows, the cost will be $4,123 per unit, in total.

For block unit doors, each of the two doors cost $695, for a total of $1,390 per unit for the new doors. This results in a total of $6,423 of Replacement Reserves Funds being spent for each block unit. To repeat, these are funds that block unit members have already contributed through their monthly fees. If a block unit member wishes to have casement windows installed instead of sliders, the cost would be an extra $4,000 for the casement windows. That figure is difference between the $4,123 for the sliders that is included in Replacement Reserves, and the over $8,000 cost if all the block unit's windows were casement windows.

Additional components for improving the energy efficiency of block units – such as insulated vinyl siding -- are NOT covered with RRP funds. However additional energy efficiency improvements can be installed at extra cost if a member chooses to do so. Steve Skolnik will outline the optional components and costs of each, to members in block units.

For **brick units**: baseboard heaters, windows, and doors are funded under replacement reserves. Estimated costs for new baseboard heaters are $130 each, so the 7 baseboard heater replacement for the brick units will be $910 of Replacement Reserves Funds.
New slider windows for each brick unit will cost a total of $4,123.
New doors for the brick units will cost $695 each, for a total of $1,390 per unit.
This results in an estimated total of $6,423 of Replacement Reserves Funds being spent for each brick unit. To repeat, these are funds that brick unit members have *already* contributed through monthly fees.

If a brick unit member wishes to have casement windows installed instead of sliders, the extra cost to the member would be $4,000 more for the casement windows. That figure is difference between the $4,123 for the sliders that is included in Replacement Reserves, and the over $8,000 cost if all the brick unit's windows were casement windows.

Additional components for improving the energy efficiency of the brick units – such as insulated attic hatches -- are NOT covered by RRP funds. However, additional energy efficiency improvements can be installed at extra cost if a member chooses to do so. Steve Skolnik will illustrate and describe what these optional components are for brick units per unit.

And now, I turn the program over to Eldon Ralph, who will discuss the proposed scope of crawlspace improvements, the benefits that members can expect for those improvements, their estimated construction costs, proposed funding method, and the likely impact on monthly fees.

STEVE SKOLNIK: Now we turn to one of our favorite topics, the crawlspaces beneath most of our homes. Our esteemed General Manager, Mr. Eldon Ralph, has agreed to present the latest information on work the coop will be addressing under our floorboards.

ELDON RALPH, GENERAL MANAGER

Proposed Crawlspace Improvements for Masonry Homes

Current Features of Crawlspaces

Let's begin by reviewing the current features of the crawlspaces for masonry homes:

- The crawlspaces are unvented, i.e. the vents around the foundation walls have been sealed.
- The floor decks are concrete.
- Rigid R-10 foam board insulation is installed around the interior perimeter of foundation walls. The foam board insulation needs to be re-adhered in some instances. Walls and ceilings beneath open front and rear porch slabs are not insulated.
- Polyethylene vapor barrier sheets on the earth floor do not consistently cover the ground; they are not sealed at the seams between sheets or attached to the foundation walls. The ground beneath the front and rear porch slabs is not covered by vapor barrier sheets.
- In some situations, negative gradients around buildings, damaged downspouts, blocked swales or defective storm drain systems allow water intrusion into some crawlspaces. Last winter staff began a survey to identify drainage problems around masonry buildings. This survey will be completed before the end of April. Defective underground drainage systems in 7 boiler rooms will be repaired this year.
- Holes and penetrations at the base of shared plumbing walls and in kitchens and other locations need to be sealed.
- Steel entrance doors are neither insulated nor water-tight.

Crawlspace Improvements Done During the Pilot Program

During the Pilot Program, the Homes Innovation Research Labs identified a plan for the unvented crawlspaces within five (5) rows of masonry homes which included the following remediations:

- Ensuring no ground water incursion into the crawlspaces.
- Replacement of the polyethylene vapor barrier sheets with new sheets anchored to the crawlspace walls. New sheets were also installed on the ground beneath front and rear porches.
- Repair of the perimeter foundation wall rigid foam board insulation as needed for a continuous R-10 application by filling voids with spray foam insulation.
- Application of closed cell spray foam insulation to walls and ceilings beneath front and rear porch slabs.
- Application of spray foam insulation on the interior of the crawlspace Bilco entrance door.
- Sealing holes and penetrations at the base of shared plumbing walls and in kitchens and other locations with spray foam insulation.

Crawlspace Test Project at Two Masonry Buildings

After the pilot program, several concerns arose about using spray foam insulation such - its potential toxicity; its application is very expensive; it encapsulates pipes and wires that might need servicing in future, making repairs more difficult and time consuming, possibly hazardous if foam must be cut out of the way.

Our building sciences consultant (HIRL) has prepared a specification for a crawlspace improvement test project at two masonry buildings that the Board has approved. The work is very similar to that done during the pilot program except for the following differences:

- Spray foam insulation will not be used. Rigid foam board insulation will be applied to areas where it is missing and attached to walls with either adhesive or mechanical fasteners.
- A silicone sealant will be used to seal floor penetrations and rim areas instead of spray foam insulation.
- Instead of insulating the crawlspace Bilco door, an insulated door will be installed at the bottom of the access stairway leading to the crawlspace.

The two buildings selected for the test project are 1C-F Gardenway and 1C-H Westway. We hope to receive bids from contractors for the work by May 22nd and have it completed this summer.

Benefits of Crawlspace Improvements

The Board of Directors has determined that crawlspace improvements should be a mandatory item to be included in the Homes Improvement Program. During 2016 to 2020, GHI proposes to undertake crawlspace improvements in all other masonry buildings. Remediation of the crawlspaces will ensure the following benefits:

- Preserve the building foundation's durability.
- Improved moisture control in the crawlspaces.
- Reduced heat losses from the crawlspaces.
- Improved indoor air quality within the homes.

Estimated Costs of Crawlspace Improvements

Based on the costs obtained during the pilot program, further discussions with a crawlspace improvement contractor, and cost estimates from the Means Construction catalog, staff has estimated that it may cost a total of $4.2 million to undertake all the crawlspace improvements that are needed in frame, brick and block buildings. The estimated cost of improvements for masonry buildings is $1.5 million.

Sources of Funds for Crawlspace Improvements and Impact on Coop Fees

The Board plans to utilize $1.2 million from GHI's unreserved operating fund for crawlspace improvements. Hence, GHI may need to borrow up to $3.0 million to fund all of the crawlspace work for frame and masonry homes. During the annual membership meeting on May 14th, the Board of Directors will request the membership to vote on a motion to authorize the borrowing of up to $3.0 million for a period of 10-15 years, at the most advantageous terms available, in order to fund crawlspace improvements in frame, brick and block rows.

$1.1 million of the $3.0 million borrowed funds may be needed for masonry home crawlspace improvements. One of the handouts that you have been given shows the estimated monthly fee payments that members would make towards repayments of the loan over different interest rate and repayment term scenarios. Let us review the handout.

Conclusion

In conclusion, I thank everyone who has been involved in getting us to this point where we have developed a plan to begin undertaking the crawlspace improvements in 2016. It has been a very thorough and collaborative process involving the Board of Directors, Buildings Committee, Finance Committee, Staff, the Homes Innovation Research Labs, pilot members, and members who offered valuable comments and feedback throughout the process which began in 2008 when the Buildings Committee was formed. I encourage you to come to the Annual Meeting on May 14th to discuss and vote on the proposed motion the Board will submit to the membership regarding a loan for financing crawlspace improvements.

STEVE SKOLNIK

Optional Improvements to be Offered to GHI Members, and the Estimated Costs Individual Members Would Pay for Those Improvements

During our Pilot Program, and based on recommendations from the building science consultants at H.I.R.L., GHI has installed and tested a number of improvements in the brick and block homes; some but not all of these have been selected by the Board of Directors as appropriate (useful, advantageous?) for incorporation in our homes. In order to afford members the greatest possible flexibility of choice, the Board voted to recommend that members be allowed to select from this list the improvements that each wishes to incorporate, at his or her individual cost, to upgrade that home.

Member-selected options for masonry homes:

1. In brick homes, install additional attic insulation to increase from r-16 to approximately r-38 insulation value; this item includes construction of insulated floor storage area in center portion of the attic.
2. In brick homes, provide attic top plate/ perimeter sealing and insulate attic hatch/pull-down stair.
3. Install bath ventilation fan with time controller.
4. Install bath fan automatic controller for programmable fan operation throughout the day.
5. Install kitchen ventilation fan with manual switch control.
6. Install new storm doors at time entry doors are replaced (entry doors themselves are paid for under replacement reserves program, and are not part of this item.)
7. On block homes, install exterior rigid foam board insulation and new vinyl siding
8. Install split system ductless heat pump system.
9. Install digital wall thermostats for control of baseboard heaters at time replacement heaters are installed (heaters are paid for under replacement reserves, and are not part of this item.) Downstairs thermostat shall be programmable, setback and will control all downstairs heaters. Upstairs thermostats will be in each bedroom and in hallway, for control of the individual heater in that area.
10. Install ceiling radiant heater in bathroom.
11. Install ceiling radiant heater in kitchen.

Cost estimates for each work item are on your handout; you will note these vary for different home sizes and layouts, e.g., a split-system heat pump for a 2-bedroom, 2-level frame home will have 3 indoor air handler units, while a 1-bedroom, 1-level unit with smaller living area would have 2 indoor

units and a smaller capacity overall – therefore less expensive.

Provided we (the member-owners) vote to approve the H.I.P. plan next month at our May 14, 2015 annual meeting, each member will select from the list which improvements are desired. There will be lots of time for this, no need at all to make the selections before next month's vote. You will also note that a member who chooses none, will incur no debt for these work items at all.

There are 3 choices each member will have to pay for the optional H.I.P. work items: first, a member can simply pay the full cost when the work is installed; second, a member can finance the work through a GHI program that is currently being developed (GHI will borrow funds at the most advantageous terms we can, in order to offer smaller loans to individual members); third, a member can finance the work privately by securing your own loan (from a bank, a rich uncle, your in-laws ...)

Now I would like to introduce Tom Sporney, our Director of Technical Services and now our Homes Improvement Program Director, to tell you a bit about time line and scheduling matters.

TOM SPORNEY, HOMES IMPROVEMENT PROGRAM DIRECTOR
General Timeline and Scheduling

I'm Tom Sporney, your contact for the Homes Improvement Program (H.I.P). We've already begun the planning for the rollout of HIP. ARC has chosen a recommended color palette for vinyl siding, staff is speaking to vendors about windows, doors, and siding, and we're working on a crawl space test project. Here's how we see things going:

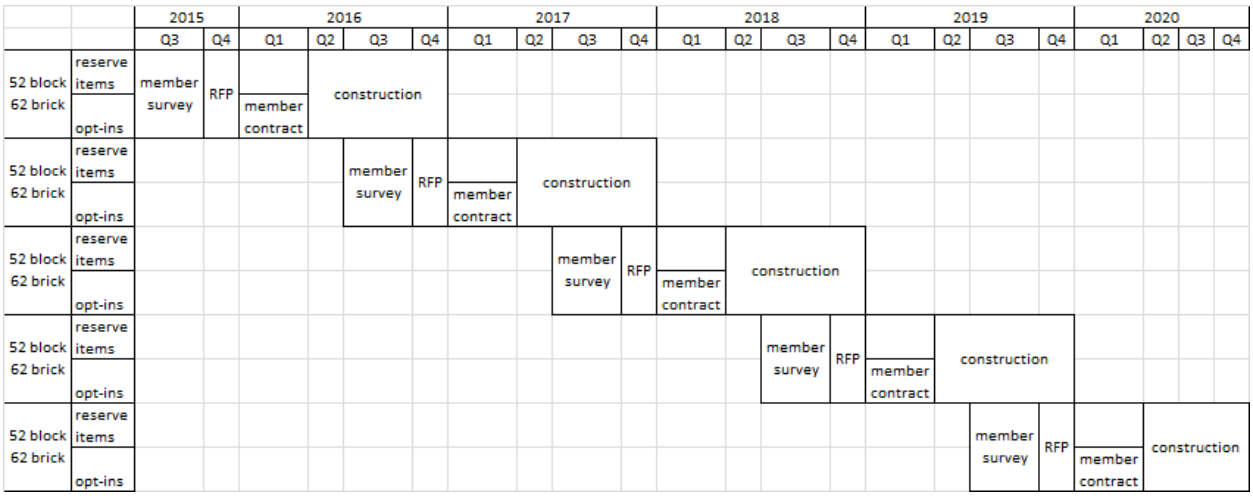
In the 3rd quarter 2015, GHI staff will prepare the bidding specification for the project. This will include the replacement reserve items for HIP, and the opt-ins. In order to do this, we will ask the participating members which opt-ins they are interested in. In the 4th quarter we'll send out the RFP, and expect to receive bids back by the end of the year.

At that time, we'll evaluate the prices received, and inform participating members of the contractor pricing for opt-ins. We'll have members sign contracts for their opt-ins, and finalize choices. Then with the contractor, we will execute a contract, and prepare a schedule.

This is what one cycle looks like:

<table>
<tr><td></td><td></td><td>Q3</td><td>Q4</td><td>Q1</td><td>Q2</td><td>Q3</td><td>Q4</td></tr>
<tr><td rowspan="2">52 block
62 brick</td><td>reserve items</td><td rowspan="2">member survey</td><td rowspan="2">RFP</td><td></td><td colspan="3" rowspan="2">construction</td></tr>
<tr><td>opt-ins</td><td>member contract</td></tr>
</table>

and when you lay it out over 5 years:



GHI has decided to organize the project ourselves, acting as our own General Contractor. We'll be bidding out and hiring separate contractors for different aspects of the work:

- crawlspace work
- windows, doors, siding replacements, outside wall insulation
- attic work (sealing, insulation)
- HVAC work (heat pumps)
- electrical work (baseboard heaters, thermostat systems, exhaust fans, radiant heaters)

Various types of work will be going on in the community simultaneously, and schedules will be developed to coordinate so contractors work efficiently, not jumping around too much, but that contractors are not getting in each other's way.

STEVE SKOLNIK

One other thing I want to tell you about: There is a program, EmPower Maryland, that may benefit some GHI members; funded by the Maryland Energy Administration and delivered by contractors, individual homes can get an inexpensive energy audit that qualifies the owner for 50% rebate on the cost of contractor-installed, energy-saving improvements, up to total savings of $2,000. There are strings and caveats, and we are currently in conversation with program providers to see whether this program can work in GHI. There are also direct member rebates for purchase of split-system heat pumps; more on this to come in the coming months.

OK, we have time now for questions and comments from members. Again, those who wish to speak should approach the microphone and line up; limit your remarks to 2 minutes or less, so everyone has a chance. If you've already spoken, please do not get up to speak again until all who wish to speak have had one opportunity. And while we may have differences of opinion, let us express our thoughts respectfully, and avoid any personal comments about others.

[Steve facilitates Q&A from podium, interspersing speaker questions with card questions.]

OK, we need to bring this to a close … I want to thank you all for coming today, and for taking an

interest in your (well, OUR) cooperative. And, I will look forward to seeing you all, and the neighbors you invite along, at next month's annual meeting – May 14th!