

Schurmeier Lofts HOA City of St Paul Inspection Plan

Recent History-

There are 28 individual units in the association which was formed in 2008. Currently there are 13 owners, 8 of which are owner occupied. 16 of the 28 units are currently occupied.

The former board of directors resigned in Nov of 2013 when it was discovered that there was no Directors and Officers insurance.

From Nov 2013 to Jan 28, 2014 there was no board, no checking account and no ability to work toward compliance for the Cert of Occupancy. The new board was elected and appointed Jan 28, 2014 still has no D and O insurance.

11 of the 28 units have been in foreclosure at least once.

In 2011, a special assessment of \$15,000 was placed on each unit, resulting in at least 2 lawsuits.

New budget calculations indicate that monthly dues may need to be raised.

Work In Progress- All of the following to be completed by Feb 28th.

Fire alarm system upgrades are being performed by Erickson Plumbing and Heating. They will install mini-horns in all bedrooms/sleeping areas to provide 75db. Provide proper spacing of horn/strobe in common areas and corridors.

Olson Fire Protection have replaced all ¾" pipe with 1" pipe on the fire sprinkler system. All painted sprinkler heads have been replaced. All other fire sprinkler corrections both inside each unit and the common areas have been completed.

Erickson Plumbing and Heating is completing heating systems upgrade. Discontinue use of the rooftop HVAC system which heats 6 units. Units 101,102,105,201,202,204 will connect to existing boiler system. Unit 203 will have a new fan coil connected to existing ductwork in that unit only.

All other Fire Protection and Life Safety items will be completed by Feb 28th.

Income-

Income will be generated a number of ways. Monthly dues collected at the current rate of 0.29/SF is 8,600. However, due to prepayment agreements already in place and foreclosures, the actual amount collected each month is 6,800.

Our monthly expenditures are approximately 8,000. If dues were raised to 0.38/SF we would generate 11,250. However, the actual dues collected would be approximately 8,800 due to prepayment and foreclosures. This option will be explored at upcoming board meetings.

Payment of assessments is another option to generate income. This is perhaps our most viable option to meet our current costs. As of this moment, we are current on our monthly bills due to payment plans on these assessments. Rental income is estimated at approximately 23,500. Of this, 12,000 is generated by Bartholow Properties alone and they estimate a 3,000 to 4,000 special assessment payment each month. There are other special assessment payment plans in place which I do not have specifics on, but only increase the associations monthly income.

Sale of individual units also generates income since 22 of the units have not paid their special assessment which is due upon sale of the unit.

Sale of the three foreclosed units will generate approximately 5,000. However, it is not known when those sales will take place.

Expected Costs Of Remaining Deficiencies-

Electrical-most electrical costs will be the burden of individual unit owners, however, there is one bid from Weaver Electric for \$8,000 for a load calculation and other repairs in the common areas. There is a bid pending from Erickson Plumbing and Heating

Plumbing-many costs will be the responsibility of unit owners. However, verbal bids range from 8,000 to 15,000.

Roof Repair and Rain Leaders- verbal bids consist of tuck pointing brick walls on roof, recoating surface and repairing the 2 roof drains. Should be approximately 5-10,000.

Chimney liner (if needed)-10,000.

Garage-torn down or fixed-10,000. This could be leased to individual for 99 years and that individual would be responsible for upgrade costs. Various owners have expressed an interest in this idea.

Mechanical-Common area costs will be approximately 2,000. All other costs are associated with a particular unit.

Building Report Repairs-Most repairs are responsibility of individual unit owners. Common areas repairs will be approximately 5,000.

Total- Approximately 38,000-65,000

In Conclusion-

The association is highly motivated to keep the building occupied. There has been more work done in the last month than the previous 13 months combined. The financial challenges are daunting but not insurmountable. The individual owners are united and very determined to comply with all city identified deficiencies. Continued occupancy of the building, once all fire protection and life safety issues are resolved, provides the financial resources to resolve all deficiencies by the end of the summer. We as an association wish to develop a cooperative relationship with the Department of Safety and Inspections rather than an adversarial one. Our association has been slow to comply for a variety of reasons, however we hope that it is now apparent that we are, can and will comply will all deficiencies.