SOLSTICE
PROJECT SERVICES, LLC

Gouverneur Gardens Housing Corp.

Capital Improvement Plan Project FAQ

Updated as of August 6, 2021

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1.1 What is the construction timeline?

The current schedule anticipates that construction will commence in October or November 2021. It will take approximately 3-4 years to complete this project in its entirety, which includes all the required repairs and upgrades planned at all six Gouverneur Gardens buildings.

At each individual building, construction is expected to take approximately 12 months to complete, although it could vary depending on the extent of the work required at each building. The schedule will be phased so that construction proceeds two buildings at a time. The contractor will work simultaneously to complete two buildings within the same 12-month period, followed by the next pair of buildings during the next 12-month period, and so on. During construction, working hours will be Monday through Friday, 8am to 5pm.

1.2 Which buildings will be done first / last?

Construction will be sequenced by building in reverse-numerical order. When construction commences this fall, Buildings 5 and 6 will be done first. Buildings 3 and 4 will follow, starting sometime during late 2022. Buildings 1 and 2 will be done last, likely starting sometime during late 2023. Shareholders and residents will be advised of the project schedule no less than 1 month in advance of construction commencement at their building.

The reason for this schedule is to work backwards towards Buildings 1 and 2, where the only two direct connections to utility service currently exist and branch off to supply service to all the other buildings. By starting at the far end of the existing utility distribution chain, it will allow buildings to remain connected to the existing services and avoid the need to rent temporary boilers while construction is in progress. As each building is completed, it will be disconnected from the other buildings and connected directly to utilities, and the obsolete underground pipes that connected the buildings to each other will be abandoned.

2 How will shareholders be kept informed of the project schedule and work progress?

When construction is in progress, regular construction update communications will be published in multiple languages for the shareholders and residents of the building on a weekly basis. These weekly updates will include a summary description of the construction progress to date, a comprehensive overview of the work scheduled for the next 2-week period (a “Two Week Look Forward” schedule), and details about what shareholders can expect during that period.

These Two Week Look Forward schedule updates will be published via BuildingLink email distribution, as well as hard copy distribution to each apartment. Residents who are not currently registered on BuildingLink may consider doing so now, as BuildingLink will include the most up-to-date project information during the construction phase.

Any additional questions about the project may be directed to Solstice Project Services ("SPS"), the Owner Representative engaged by GGHC (***see question 21***). As the Owner Representative, SPS will serve as the project management team responsible for managing, aligning, and coordinating this work between the various professional and construction entities involved to ensure the project proceeds as smoothly as possible. The SPS Project Manager is Freddy Agudelo, who will be the main point of contact for all project-related activities. Freddy will be on-site full time (Monday through Friday, 9am to 5pm) throughout the duration of the project, and he will be the go-to person for shareholder questions and apartment access coordination. Shareholders may contact Freddy by email at FAgudelo@solstice.us.com or by phone at 212-753-2329 extension 350.

3 How will I know when the contractor needs access to my apartment?

Pre-construction apartment inspections will take place approximately 5-6 weeks prior to construction commencement at a given building.

When access inside an apartment is required during construction, the resident(s) will be given 4 weeks advance notice, and the SPS Owner Rep will contact residents directly to coordinate access to their apartments. (***See question 6***)

4 What work will be done inside apartments?

The plumbing waste and vent lines are being replaced, which will require opening the walls in the apartment's kitchen and/or bathroom to access and replace the waste pipes. (***See questions 5 and 7***)

The circuit breaker panels in each apartment will be replaced in connection with the building's electrical system upgrades. Every apartment will receive a new intercom, and electrical outlets in some kitchens will be upgraded to GFI outlets as deemed necessary by the electrical engineer.

The windows will be replaced. (***See question 13***)

Radiator valves will be replaced in connection with the mechanical system upgrades and installation of the new boilers. (***See question 16***)

Exterior balcony repairs will be done in conjunction with the façade work. The deteriorated concrete balcony curbs will be repaired, the balcony slabs will be re-pitched for proper drainage and finished with a walkable traffic coating and waterproofing system. (***See question 5***)

5 What impacts will this have on shareholders?

Various groups of work crews (i.e., general contractors, plumbers, electricians) will need access to your apartment on multiple occasions throughout the duration of construction. Prior to the contractors arriving at your apartment, all furniture and other personal belongings must be moved away from the work area (kitchen, bathroom, windows, balcony, etc.) and a path cleared from the apartment entrance. (*See questions 8 and 9*)

The kitchen and/or bathroom walls need to be opened to replace the deteriorated waste and vent pipes, which crumble to the touch and regularly cause leaks, bursting pipes, and floods. The exact locations where walls must be opened in each individual apartment will be determined based on the results from the pre-construction apartment inspections. If there is an opportunity to access the waste lines without breaking through a tiled wall, for example by opening the sheetrock on the opposite side of the kitchen/bathroom wall and accessing pipes from the rear side, that is what the contractor will do. There may be some instances where kitchen cabinets will need to be temporarily removed, in which case they will be reinstalled by the contractor after the work is completed. Although it will be avoided where possible, some walls with tile and/or custom backsplashes will need to be cut open. (*See question 7*)

To complete the circuit breaker replacements, several electrical shutdowns will be necessary and will take place based on your apartment line. Electrical shutdowns will only occur during working hours, and power will be turned off only for a period of approximately 6 hours at a time. Affected residents will be notified at least 2 weeks in advance of any scheduled shutdowns, and power will be restored at the end of the work day.

To complete the waste line replacements, numerous water shutdowns will be necessary and will take place based on your apartment line. Water shutdowns will be scheduled only during working hours, and water service will be restored at the end of the work day. Alternate bathrooms will be made available to shareholders, either in the community room or potentially in designated vacant apartments within each building.

For the balcony repairs, all personal items (i.e., furniture, planters, carpets) must be cleared from the balconies prior to the start of the façade work. Per DOB and Site Safety regulations, the balconies will be Controlled Access Zones (CAZ) at all times when construction is in progress, and any unauthorized access will be strictly prohibited. Once a building is mobilized with scaffolding, it creates safety concerns at the balconies due to the proximity of rigging equipment and the risk of falling objects or debris from work taking place overhead. When work begins, balcony doors will be blocked from the outside and balcony access will be restricted to project personnel only.

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6.1 What if I am not home when workers need to access my apartment?

Due to the extent and complexity of this project, it is imperative that shareholders and residents provide access to their apartments during the periods of time that access is required to complete the work. If access to a certain apartment is denied or otherwise not granted when it is needed, it will delay work progress and extend the construction timeline and cost for all shareholders.

If you are going to be away from your apartment when access is required, you should leave a set of keys with management (or a neighbor) in advance so they may provide access on your behalf. Any time the contractors are working inside an apartment, they will be accompanied by the SPS Owner Rep and/or a member of Gouverneur Gardens building staff.

6.2 Can I stay in my apartment while they are working?

Shareholders can remain in their apartments during days when work is taking place, however, it will be a matter of your personal preference and comfort level. The work areas will be sealed off with protection, leaving the rest of the apartment as livable space. That stated, there will be noise and potentially some dust (minimized to the maximum extent possible, ***see question 8***), and residents can expect workers to be coming in and out over the course of the day.

Shareholders will not have to vacate their apartments overnight. Walls will never be left open overnight. When the work is going take several days to complete, all openings in the walls will be temporarily sealed at the end of each day and reopened the following morning.

7 What if I have a remodeled bathroom and/or kitchen?

We understand many shareholders have upgraded their apartment finishes. The contractors will make their best efforts to avoid damaging kitchen cabinets and other custom work, however, this may not always be possible. When walls must be accessed, they will be repaired using the original standard building tiles. If you are able to provide extra replacement tiles to match your custom finishes, the contractors will use them to fix your apartment instead.

8 How will construction dust be mitigated to minimize the impact on shareholders?

When the contractors are working inside the apartments, plastic protection will be installed to create an enclosure around the locations where work is taking place. This will help to contain the dust within the work areas such as the bathroom or kitchen. Powered cutting tools will have required dust recovery systems. Additional protection will be installed to protect the apartment floors wherever there will be contractor activity, including the work area and the pathway leading from the front door to the work area. The plastic protection will be removed once the work is complete, and the workers will clean the area at the end of the day.

During the exterior façade repairs portion of the project, the contractor will be using grinders with OSHA-required vacuum attachments to minimize dust dispersion. Residents with apartments located nearby to active façade work should keep their windows closed during working hours to prevent dust entering the interior of the apartment.

9 Are you hiring workers to uninstall/reinstall ACs, move furniture away from the work areas and balconies, etc.?

GGHC is exploring options to hire temporary support staff who will be dedicated to assisting shareholders with removing and reinstalling AC units and relocating furniture and other personal items as necessary to complete the construction work.

10 What are these energy savings, and why are they important?

NYC Local Law 97 establishes building emissions limits and benchmark deadlines for all buildings over 25,000 square feet. As the buildings currently stand, without making any of these upgrades, GGHC could be subject to 2030 carbon penalties up to roughly $600,000 per year.

The collective effect of the electrical, mechanical, and building envelope (windows, façade, roof) improvements will reduce the overall energy usage and emissions, which in turn will decrease the building's 2030 carbon penalty by roughly half.

Additionally, the installation of the Cogen is expected to reduce the building's energy costs by roughly $700,000 per year. This is due to the fact that the building will no longer need to purchase steam from Con Edison, which can be an expensive form of energy, in order to heat the domestic hot water supply. Furthermore, the Cogen will generate an additional supply of electricity for use in the buildings, reducing the amount of electric power that must be purchased from Con Edison. (***See question 11***)

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11 What is a Cogen?

Cogeneration is a very efficient technology to generate some on-site building electricity that would otherwise be purchased from Con Edison and utilize waste produced in the process to efficiently make domestic hot water without running the boiler in the non-heating seasons. It is also called Combined Heat and Power (CHP) as cogeneration produces heat and electricity simultaneously.

12 What is submetering?

When a building is sub-metered, each individual shareholder pays only for apartment electricity usage in their own apartment, as opposed to a collective in-apartment energy cost sharing by the building residents.

With the anticipated (up to) 20% reduction in energy consumption building-wide if submetering is implemented, the cooperative will be significantly closer to meeting its energy goals under Local Law 97. Air conditioner fees would be removed as well if submetering is implemented.

Submetering is not currently part of the scope of this project, however, it is being explored due to its potential benefits.

13.1 Why are we replacing windows?

The windows that were installed roughly 20 years ago were current technology design then, however, they are at or approaching the end of their useable lifespan. The seals and weatherstripping have now deteriorated and these windows were not designed to have AC units left installed during the heating season. The new windows will prevent air and water leaks, thus creating an air- and water-tight seal. This energy efficiency will save us significant money in energy costs.

Another important reason for replacing windows now, instead of waiting 5 or 10 years until they are in worse condition, is the financing. Funding for the windows is being provided at 0% interest. This facilitates a very large reduction in the replacement cost due to its being part of a larger construction project rather than a standalone project, making the installation much more cost-effective. These costs include the construction bond, insurance, architect/engineering fees, scaffolding and other activation costs, filing fees and permits, and associated legal costs. Some of these fees are static whether the total project is $20 million or $50 million in work, and others are on a sliding scale. If the window replacements were done as a standalone project in 5-10 years, the cost would be significantly greater, requiring a large assessment and/or carrying charge increase.

13.2 What kind of windows are we getting?

New windows will be double-hung windows with aluminum frames and bug screens included. The new frames will be thinner than the existing window frames, allowing for a larger area of glass and more natural light to enter inside the building.

The contractor will complete a sample window installation in one of the common areas of the building before the building-wide window replacements take place. Once the sample installation is completed, shareholders will be welcome to view the new window up close and get a better understanding of how it will look and feel inside their apartments.

14 What work is going to take place in the lobbies?

The contractor is going to replace the storefront at all lobby entrances. Mailboxes and intercoms will be replaced as well. At the lobby interiors, there will be some lighting upgrades and painting. The institutional-style bricks will either be covered with sheetrock or left as is, however, the final design details are still in process and will be subject to Board approval.

15 What about asbestos?

The only Asbestos Containing Material (ACM) was detected is located within the plumbing fittings in the lobby ceiling and the caulking at the lobby store fronts. There is no asbestos that will be disturbed within apartment walls.

16 Will I be able to control the temperature in my apartment?

In connection with the new boiler and low-pressure steam system, the existing manual radiator valves are being replaced with new thermostatic control valves and sensors. This does not include a thermostat; however, it will allow for better temperature control during cold winter months.

Additionally, the new steam traps will reduce the heat pipe banging and overheating of the buildings by allowing for better heat control on separate lines.

17 Why don't shareholders get to vote on this huge loan and improvement project?

A vote by shareholders is not required to approve a loan. Additionally, previous GGHC loans were not voted on by shareholders. When asked specifically on this question, HDC Vice President Susan O'Neill stated, *"The Board of Directors have a fiduciary responsibility to the shareholders of the corporation and to ensure that the building and grounds are in good repair...The scope of work and the mechanism for financing it is determined by the Board of Directors. HPD and HDC do not require the board to obtain shareholder consent when determining the scope of work or how it will be paid for. The board only requires shareholder consent if a Capital Assessment is needed in order to fund the work."*

18 How does the contractor get paid? How do we control cost?

The entire scope of work for the project is broken down into an AIA (American Institute of Architects) Schedule of Values, which is essentially an itemized list of every individual work item and the associated cost of each. The contractor is paid in arrears, which means they are only paid for work that has been completed and approved by the engineering team.

Each month, the contractor will submit a Payment Application that shows the percentage of work they have completed against each line item on the schedule of values during that month period. The project engineer (Lawless + Mangione) will review the payment application, verify its alignment with the contract documents (plans and specifications) and work progress on site. If all is correct, they will certify the application for payment.

Once an application for payment is certified by the project engineer, it must be reviewed and approved by HDC's architect, James Yankopoulos R.A., who has been assigned to oversee this project, before any payments become due. The contractor is then paid for 90% of the total amount due for the work completed during that period, and 10% is withheld as retainage to be paid at the end of the project.

19 How do Change Orders work? What kinds of circumstances can result in a Change Order?

A Change Order represents an amendment to the construction contract that changes the contractor's scope of work and/or timeline. Before a Change Order becomes valid, the contractor must submit a proposal for review by the engineer, who will determine if the change order is needed to complete the work and verify that the additional costs are in alignment with the current schedule of values (i.e., same unit prices per square foot, per linear foot, etc.). Once a change order has been approved by the engineer and contractor, it goes to the Owner (Gouverneur Gardens) and HDC for final acceptance. All Change Orders will be agreed and approved by the Owner, engineer, contractor, and HDC before being added to the contract.

Change Orders will not result from any work included under the current scope taking longer than anticipated. The contractor is paid based on work complete, regardless of how long it takes, therefore it is in the contractor's best interest to complete the work as quickly as possible.

If additional work is required that wasn't originally planned for (i.e., to address an existing concealed condition that was hidden inside the walls and not known until the walls were opened) it could result in a Change Order for the additional cost and timeline required to complete the additional work.

The only schedule delay that will result in a Change Order is if access is not granted to a specific apartment on the days when apartment access is required. Since the project is very complex, it requires the involvement of multiple specialized subcontractors who will be scheduled to perform work inside the apartments. If they are unable to access an apartment to complete their work on a particular day, there could be a Change Order for the extended timeline and added cost of rescheduling the subcontractor work to another day. (***See question 6***)

20 Why aren't we also doing [*other potential repairs*] as part of this project?

Due to the age of the buildings, there are surely many other improvements that could be made. However, there is only a finite amount of money available to fund this project, and the most immediate concerns and overall goals of increasing building-wide energy efficiency must be prioritized.

21 What entities are involved, and which portions of the work is each responsible for?

Engineering Team:

Lawless + Mangione Architects | Engineers

Basil Taha, *Engineer*	Façade
Anthony Orlando, *Architect*	Façade
Christopher Hartnett, *Engineer*	Electrical
Darko Dimitroski, *Engineer*	Electrical
Jose Martinez, *Engineer*	Mechanical
Chris Vitelas, *Engineer*	Windows

Construction Team:

Xinos Construction Corp. (General Contractor)

Tony Ksinos, *President*	Site Work, Concrete, Paving
George Ksinos, *Vice President*	Façade Repairs
Milton Kalarakis, *Project Manager*	Roofing, Waterproofing, Framing, Interior Finishes

Controlled Combustion (Subcontractor)

Michael Bendjouya, *President*	Mechanical, Sprinklers, Boiler, Cogen

Regional Electrical (Subcontractor)

Glen Harrington, *President*	Electrical, Generators, Cogen

Latty's Plumbing (Subcontractor)

Stanley Robinson, *Project Coordinator*	Plumbing

ASK Construction (Subcontractor)

Anastasia Alexiadis, *President*	Window Installation

Owner Representative / Project Management Team:

Solstice Project Services, LLC

Freddy Agudelo, *Project Manager (On-Site)*
Nicole Petrilli, *Senior Project Manager*
Ken Lupano, *Executive Director*