

M E M O R A N D U M

TO: Unit Owners of 188 East 70th Street Condominium

FROM: Board of Managers

DATE: October 1, 2015

RE: Leak Repair and Flooring Asbestos

We are very sorry for the delay in responding to the concerns of those residents who have had to endure the appalling conditions caused by the August leak that was caused by a contractor who broke a water line while working directly for a unit owner on the 7th floor. A lot was and is still going on as explained below but we assure you that management has been totally engaged from the initial emergency response, to interaction with insurance adjusters and unit owners. The leak caused damage to several apartments and to the common areas. While the total cost of the claim has not been finalized, it will likely exceed several hundred thousands of dollars

Damage within apartments:

The damage within apartments was comprised of both unit owner improvements and building property. Therefore, over the last several weeks the insurance adjusters for unit owners and for the building have been together sorting out the details.

To complicate this process, a contractor recommended to a unit owner to have the damaged floor in one room tested for asbestos. To our surprise (since the building was built in 1985), the black mastic under the sub-floor on top of the concrete slab was found to have small amount of asbestos present. The asbestos is encapsulated in the mastic material beneath the floor and therefore is not a safety concern. It only becomes an issue when the mastic is

disturbed or becomes airborne during a floor renovation. Any disturbance in asbestos is regulated by Federal EPA, local NY DEP and most specifically OSHA. As a result, proper procedures are mandated when removing asbestos containing materials to protect worker safety and insure proper disposal of hazardous waste.

Therefore, we are now implementing the following procedure which will also be incorporated into our alteration agreement:

In the event any work requires that the wood floors be disturbed, the mastic beneath the wood floor & subfloor must be tested for asbestos or asbestos containing material prior to the floor being disturbed. Unless tests results reveal there is no asbestos found in any of the flooring material, appropriate measures must be taken. This must include the engagement of an independent environmental consultant and a contractor with appropriate asbestos certification.

Damage to Common Areas:

The damage to common areas impacted five hallways (floors 3 to 7) and the playroom. We now have plans in place and are waiting for final approval from the insurance adjuster of the playroom repairs which are anticipated to begin within the next two weeks. The Board also met this week with a carpet supplier and developed a plan for the hallway carpeting replacement. We had to consider both the fact that we were in the middle of reviewing our hallway renovation plans, as well as having to work within the limitations of our insurance coverage. We are therefore moving forward with a plan to have off-the-shelf temporary carpeting installed on the five affected floors until final decisions are made on permanent replacements. We anticipate the temporary carpet will be installed over the next few weeks.

In summary, we apologize for the time it is taking to accomplish the repairs, but believe management is doing everything possible to move the claim and adjusters along. Through their efforts we just received an advance payment from the insurance adjuster of \$100,000 that will be used towards repairs until details of the claim are finalized.

We thank you for your patience throughout this process.

Sincerely,