

To: SCNB Owners

From: Board of Directors

Date: April 28, 2016

The major focus for the SCNB Owners' meeting on Saturday, April 30 is to explain the serious structural issues caused by water damage on various buildings and present the planned fixes.

Below is a summary of the issue:

**Problem:** For over a year the Board has been working with structural engineers & building contractors investigating extensive structural damage along with dry and wet rot discovered on the deck-side of building 23. Additional inspections in all 28 buildings have led to discovery of damage in several buildings. There is health and safety concerns because the structure of buildings has been compromised by the severity of the damage and an immediate need for repair and re-construction will start immediately. Extent of damage can only be uncovered through the full scope of work implemented by Holtz Builders. The process will begin at the ground floor up and external walls in. Replacement of windows, doors, siding, internal joists, studs and drywall is needed to different degrees in at least 16 buildings. Damage is repairable and solutions to eliminate the root cause of damage are being put in place to eliminate future damage to repaired units and mitigate any current damage threats. Over the years, there have been several attempts to provide solutions to water damage without ever really identifying the root cause(s). In uncovering building 23, we now have a solid understanding of the issues and a path forward.

**Root Cause:** There are several contributing factors to the damage that result from both poor design and primarily poor craftsmanship during the initial construction. Short roof ice damming and improperly installed flashing have both contributed to water damage to the buildings. Other contributing factors are expected to be uncovered and identified during the tear-off and repair.

**Action Plan:** There are no alternatives but to reconstruct the areas where dry and wet rot have compromised the structure of the building. Inspection of the buildings has given us a map of problems. It seems that building 23 has the most severe damage and others have damage from slightly less to significantly less. Without a full investigation, the remedy to fix is impossible to estimate at this time.

Building 23 is currently in the renovation process. Based on the work done on 23, a scope of work can be created and modeled to move continuously through the property. Building 22 and 21 will follow building 23.

The action plan for Holtz moving forward:

- Remove siding from the dockside of the building.
- Repair structure where rotted...studs, joists, base boards, walls, drywall, etc.
- Provide proper deck flashing and step flashing at corners (all buildings)
- Replacement of all windows and doors. Based on most of these being at more than 50% of their life expectancy it would be cost effective to just replace now. However it is believed in a lot of cases they are not salvageable anyway.

- Siding will be replaced. Builder recommends not replacing the stone siding based on cost and performance. To be reviewed by Board.
- Inspect and repair rubber membrane on the short roofs (all buildings - could be done by our staff)
- Install heat tape on short roofs to eliminate ice damming (all buildings - could be done by our staff)
- Replace and install 6" industrial gutters in required spots (all buildings)

### **Goals and timetables:**

The goal is to systematically move through the entire property to 1) fix existing damage that is thought to pose health or safety issues regarding the structure of the buildings and 2) identify the cause of current damage and apply remedy to all buildings to eliminate future concerns and expenses.

The timetable needs to be created with the priority of eliminating any safety concerns and with the understanding that sections of some buildings/decks may be unusable for a period of 3-6 weeks during repair. The schedule will be produced by the builder. The goal would be to complete 23, 22 and 21 as a priority due to the condition of the structure. The plan would be to continue with a building each month through the summer and fall. If the scope of work can be streamlined and there is an opportunity for the builder to dedicate more resources to the project.

Further the project must serve to provide an ultimate fix to several problems that have contributed to this damage for several years while doing so at the best possible cost. The difficulty is that there is no reasonable way for the builder to anticipate the entirety of the damage to even one building, let alone the resort as whole. With that being said, we have chosen Holtz Construction of Lake Delton as the contractor. General Engineering of Portage opinions and oversight already seem to be helping us to direct priority and cost.

Another goal would be to complete all necessary repairs within two years and be financed through special assessments to the 224 owners. The present opinion of the Board is to immediately initiate a special assessment of \$2000 per owner to be paid in installments; \$1000 by June 15<sup>th</sup> and \$1000 by September 15<sup>th</sup>. This assessment would be for work in 2016. We will have to determine the extent of damage on each building and the costs as we move forward. It is reasonable to anticipate another assessment in 2017 to complete all the work.

*More detailed information on this issue will be provided by the construction contractor and board members at the **Owners Meeting on Saturday, April 30 - 8:30 am at the Island Restaurant.***