

Silver King Truss Repairs – Pending Special Assessment

August 2, 2019

Greetings Silver King Homeowners,

Through a routine inspection and preparation this spring to paint the structural beams that form the front entry and atrium over the pool, the HOA maintenance staff identified deterioration in some areas of the beams that needed further review. The HOA board of trustees engaged a structural engineer to assess the condition of the timbers in those areas. The results were alarming as the engineering firm reported that water had permeated the beams in some areas and have caused some timbers to begin to fail after approximately 39 years of use. We took immediate steps to shore up the areas identified as being critical, however the final assessment from the engineer's report contains a recommendation that both the front entryway and pool atrium support systems be replaced sooner than later.

What areas specifically are impacted?

1. **Front Entry** - If you think about the large glass windows behind the fireplace in the lobby. That entire wall is made up of huge glulam beams that extend outside the lobby down the front entry stairs. There are 2 large horizontal beams and several cross beams that need to be replaced.
2. **Pool Atrium** - The walls that run alongside the pool and form the wall that go across the pool and next to the hot tub must be replaced.

What work is required?

New beams must be fabricated along with the large metal brackets that hold them in place. In the lobby area a temporary partition wall will be installed to allow Silver King to remain open during the project that will take about a month. The pool area will need to be shut down while work is performed in that area. After the surrounding walls are supported, a very large crane would be used to remove the failing beams and install the new ones. The brackets and roof systems reattached and all painted to match. New gutter systems would be installed to help move water away from the beams where water has collected.

How do we prevent the issue from recurring in another 40 years?

The engineering group suggests a more robust flashing, gutter and downspout system be used on the beams to help move water away from them. Continuing to stain and maintain the timbers will also help.

When would the work be done?

The current thought is to commence the work this fall or next spring in one or two phases with an emphasis on addressing any liability and safety concerns for a potential failure of the building support structures and avoiding disruption to unit owners and guests during a lower occupancy period. Timing will likely be limited based on contractor availability as well.

How much will it cost?

The engineering report included some preliminary estimates that range from \$1.4M to \$1.7M. Doing the work in more than one phase would increase the estimated costs. The HOA is working with local banks to see about terms for a loan to be paid by special assessments. Special assessments are assigned by unit ownership allocation. See the table at this end of this letter that illustrates the anticipated average costs per unit.

What are the next steps?

1. First, we need to clarify ownership allocation changes discussed at the last HOA meeting. A new independent measurement report has been created that will be shared with all unit owners, presented by the board to be ratified by the owners. A separate communication will be sent on that project.
2. The HOA will confirm funding options for a loan to do the proposed work to address the structural beams using the expandable parcel as collateral.
3. The HOA to secure competitive bids for all required work to confirm costs.
4. Confirm the availability and timing of contractors to do the work to help determine if work is done in one or two phases.
5. A special assessment to be put in place to repay a bank loan if one can be secured.

It is important that this work be done as soon as possible address liability and safety concerns raised in the engineer's report.

Below is a photo of the front entry beam that is failing and example of the shoring up that has taken place.



Anticipated costs per unit based on initial estimated project scope are listed below. The final scope and costs will be determined based on a selected contractor bid, timing of work performed and details of the potential bank loan. **NOTE: These are estimated average special assessment values by unit type. The actual numbers are subject to change.**

	<u>Special Assessment</u>	<u>Special Assessment</u>
	\$1,400,000	\$1,700,000
Studio	13,062	15,861
One Bedroom	19,012	23,086
Two Bedroom A	25,564	31,042
Two Bedroom B	27,272	33,116
Three Bedroom *	45,122	54,791

Note: Terms of a bank loan may allow the special assessment to be divided into smaller amounts and made over more than one year.

* The three-bedroom assessment amount is an average of all three-bedroom unit since they all range in different sizes.

More details on the contractor selection, bank financing options and timing of the project will be shared with all unit owners as soon as they are available. Ideally work will commence as early as this fall and no later than next spring.

If you have questions on the project, please contact Jim Simmons at (435) 575-0420 or jsimmons@asrlodging.com.

Sincerely,

Silver King HOA – Board of Trustees