



November 24, 2020

### **Hurricane Sally – Escapes! to the Shores Comeback Phase Has Begun!**

This update is being provided to unit owners after many weeks of investigation, remediation and discovery. While we may have resolutions and conclusions to many of the damaged areas, there are still some areas being investigated, as of this writing. We are waiting on our insurance report to determine the extent of the claim. Once we receive, we will proceed with work that can be accomplished without the worry of moisture intrusion. Of note; our insurance deductible will be approximately \$718,740.

In the wake of Hurricane Sally, the building sustained major damages, and specifically to the 01 Unit stack. Remediation took place immediately to stop the spread of mold in the facility. Servpro was hired and completed the work in (7) seven weeks. This included all scrubbing of the air, clearance testing, drying and demolition and removal of damaged items in common areas and each unit in the building.

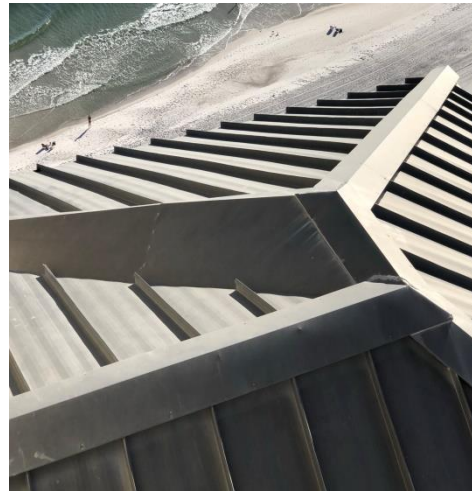
The overall damages were found to be caused by a multiple of factors, specifically water and wind. The major factor of water intrusion on the East stack was due to the failure of the metal roof system. This failure was a hidden condition, which has been ongoing for many years. It appears from all investigations at this point that the roof was installed and flashed improperly. Over the years, moisture has been seeping into the wall of the East side, and has caused minor structural fatigue to some of the roof members and some of the metal wall studs. As uncovered in our investigations, metal wall tracks on many of the floors on the East side were also rusted out and had failed. Although this was observed, it does not affect the overall structural integrity of the building.

On Monday, November 16, 2020, after the remediation was completed, the 01 Stack Units and roof were toured by the City of Orange Beach Building Officials, Contractors, Architects and Engineers, Property Manager and Board President. The purpose of this visit was to ensure that no additional code upgrades would be required during the build back (Which are not). We now have an action plan to meet the City of Orange Beach requirements. Our engineering firm has completed remediation documents for the metal wall studs and our insurance team is working to complete the scope.

The second issue of main concern is that the high winds caused a sand-blasting effect to the exterior STO system and caulk joints. After scaling the building and performing water pressure

tests, it was observed that water was entering through failed/damaged caulk joints. In addition, stucco core samples are being extracted from the East side to ensure that the product was installed to the proper thickness. Again, our insurance team is working to complete a scope for reimbursement.

Another issue being addressed is the replacement of the metal roof and structural components. After investigating the roof, it was determined that the roof installed was not the roof specified during the initial construction. The roof system installed is not warranted and unfortunately, is not considered hurricane damaged. We have taken this matter to legal, and it is being pursued. In the meantime, we must replace the metal roof system with a system that can be installed properly, and warranted. We have consulted with our Contractor and our Architects and Engineers, and found a product commonly used on the Gulf Coast. Design drawings are in production and a roofing consultant has been hired. We are currently anticipating design documents to be finalized in late December, ordering of the roof product in mid-January with demolition/construction of the roof to commence in February. The East side roof will be the first addressed. At this point, given the holidays are upon us, this is the best case scenario. This schedule is subject to change based on product availability.





In other areas of damages/repairs:

**Fire alarm and suppression system.** The systems are functioning, but have not been tested due to missing parts. Once received and replaced by Johnson Controls, the Fire Marshal will require building testing. This is anticipated to be in the next two weeks. Until that time, per the City of Orange Beach Fire Marshal, no one is allowed to stay overnight.

**Boardwalk has been replaced and completed.** The boardwalk was washed away and has been replaced by CRM Construction.

**Fencing has been ordered and is being replaced.** Both metal and wood fencing is being repaired/replaced. CRM construction is currently installing new wood fencing and metal fencing in the pool area has been ordered.

**Palm trees have been ordered and will be replaced.** We have several date palms broken or damaged. These will be replaced as soon as they are received by Kutters Landscaping.

**Carpet tile has been ordered.** Carpet was water soaked and molded on most of the lower floors and corridors. It will be replaced in all areas with a new pattern.

**Gym/Whirlpool areas.** Design documents for the Gym and pool area are being finalized and submitted to permitting. The gym was heavily damaged due to water and mold. Flooring, Sheetrock, HVAC, electrical, sprinkler system and mirrors need replacement. Gym equipment was damaged and new equipment is being ordered.

**Lobby and Veranda.** Design documents are being finalized and will be submitted to permitting. Water damage to the ceilings and walls in the lobby and veranda. Sheetrock, flooring, painting, HVAC and electrical in need of replacement.

**Low “flat” roofs above 4<sup>th</sup> floor.** These were damaged due to the high winds. Design documents have been completed for EPDM roofing and is being priced for construction.

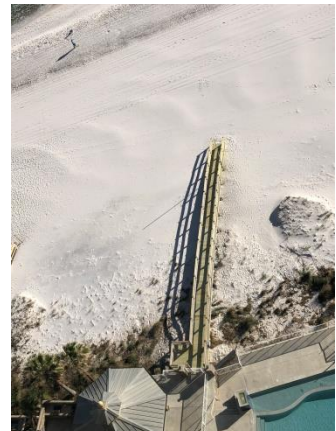
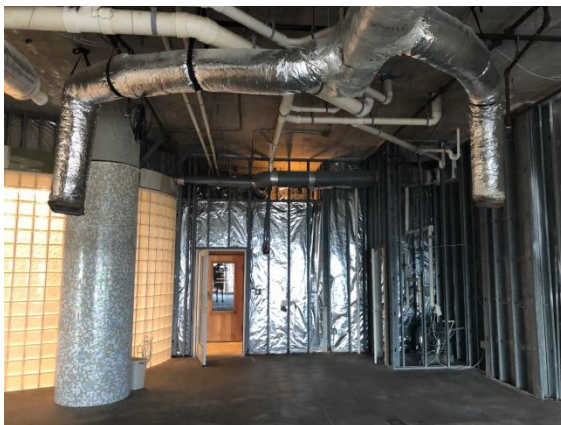
**Generator Replacement.** The generator was damaged during the storm and failed. It has been ordered and being replaced. Currently, we have a temporary generator in place.

**Sheetrock and wall base.** Walls in several common areas and corridors were damaged and molded due to moisture. This is being replaced, taped, floated and finished. Painting will occur after final install.

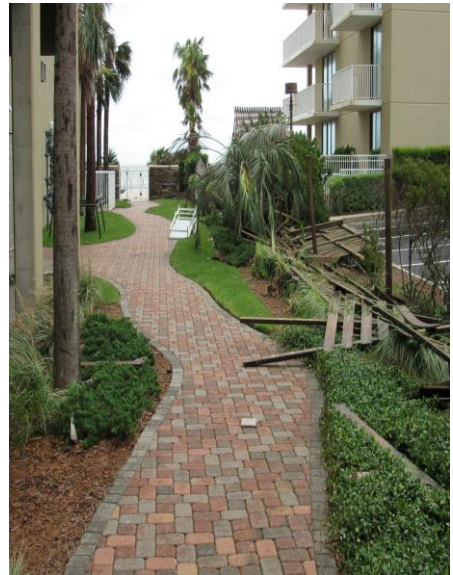
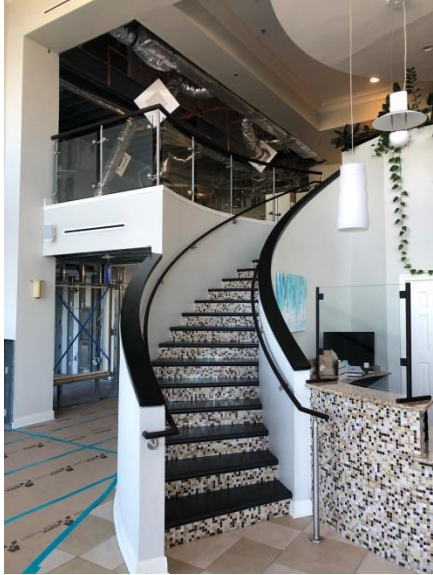
### **Exterior Grounds.**

Stonework on retaining walls near pool washed away. They were salvaged and will be reattached.

Light pole at entrance was damaged. A new one has been ordered and will be replaced.







### Assessment

As you may be aware, we have a line of credit in place for \$1mm for emergency storm damages. While the team of adjusters, consultants and staff is making every effort to get damages covered by the insurance claim and proceeds, there will be some upfront costs not covered which will be

cause for an assessment. As of this date, we will plan on utilizing our LOC and insurance prepayments (\$400,000) to cover costs. We do not have a final number for an assessment but, given the dire circumstances of the metal roof discovery and the insurance deductible, we are looking in the \$1.7mm to \$2mm range, for out-of-pocket costs. Once the insurance reporting is completed and we have a better handle on the reimbursements and our roof quote is received from the contractor, we will update you.

### **Projected Opening Date for Owners**

Due to the nature of construction activities and liability, we will open the units in phases for owners only, at this time.

Units will be opened in sections in order to ensure the safety of all involved. A phased opening schedule for the property is dependent on approval from the City of Orange Beach Building Officials and other interested parties of the planned rebuild. Critically important on the list is the installation of the roof as it drives the progress to follow. It is the goal of the Board, Property Management and Contractors to get these units completed and ready for occupancy as quickly and efficiently as possible; this cannot be overstated. Your board has been working overtime on your behalf dealing with critical issues.

As of this writing, the schedule looks to be as follows and may be subject to change at any time.

- **March 1, 2021 - 05/04 Stack Units opened for owners.** (Amenities such as Lobby, Indoor pool, Gym Sauna and Whirlpool may not be opened at this time)
- **April 1, 2021 – 03/02 Stack Units opened for owners.** (Amenities should be open)
- **May 1, 2021 – 01 Stack Units opened for owners and rentals/guests.**

Please understand that no one is stopping you from entering your unit at this point. We are asking on behalf of the build-back team and contractors that the above schedule be followed. Anyone not following the schedule may cause delay of construction/occupancy of others.

Sections will be reopened as they are completed or undamaged, with a sense of urgency. These openings will require liability waivers and structured rules for Owner-Only occupancy in the opened areas of the site, as it will be an active construction site with noise and other inherent dangers.

Due to the scope of work required and processes we must follow; the planning and the startup stage of the reconstruction may take longer than what most would expect. It is, however, imperative that we work through these initial processes in a manner that will mitigate errors and oversights throughout the project. Missteps would cause delays or unnecessary expenses; our team is doing everything we can to avoid them.

Build-back repairs will be logistically prioritized in a way that will allow us to open the most units possible in the quickest timeframe. The initial focus will be in those that require the least amount of repairs (05 stack and then 04, 03, 02, 01 stack). Please note that we cannot address

each and every concern that you may have as individual unit owners but, we are trying to accommodate the building build-back as expeditiously as possible.

As we progress through the project, we will keep owners updated with any schedule changes, should they occur.

Your Board, and all parties involved, are aware of the gravity of the timeline and will work diligently to reopen as quickly as possible. The process may seem lengthy, but is necessary to ensure that Escapes! to the Shores Resort is repaired properly.

Please remember that during this process and until further notice; scheduling visits, contractors, realtors, vendor deliveries etc. needs to be communicated and approved with the Resort Staff, for everyone's safety and security. The main office is now located in Unit 303.

The Board of Directors, Management and staff would like to thank you for your patience throughout this difficult process. Our entire team has been working diligently to provide you with the latest detailed and accurate information.

**With the upcoming holiday week there will be little changes in the reporting. Expect the next update to resume on Friday December 4, 2020.**

We appreciate the ability to serve you and thank you for your commitment.

Sincerely,

Ronn Babin, Escapes! to the Shores Condominium Owners Association, Inc. President  
Kevin Gilliland, LaTour Resort Management