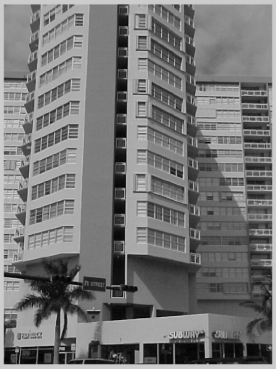

Burleigh House

Monthly Newsletter

Volume 21 Issue 1 July 2023

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IMPORTANT NUMBERS

Office.....(305) 866-7314
Fax.....(305) 866-8733
Security.....(305) 861-1869

BURLEIGH HOUSE

Condominium Assn. Inc.
7135 Collins Avenue
Miami Beach, FL 33141

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MESSAGE FROM THE PRESIDENT

Dear Association Members,

In this month's newsletter I am updating the association with several items that were discussed at the June 29, 2023 Board Meeting.

Pool Box and Waterproofing

At this Board meeting we had in attendance our Florida State registered Professional Engineers Edgar Duenas from Bunker Engineering and Angel Maestre from Maestre Engineering who are working on our garage and pool restoration. Edgar is responsible for the inspection and for defining repair locations and repair methodology in all of the garage levels including the rebuild of the Pool Box and all of its beams and columns. Angel is our Pool Engineer and is managing our pool and pool deck, pool electrical, mechanical and pool refinishing. Also in attendance was George Cabada from GC construction our General Contractor and his project manager Oscar Restrepo. The concrete testing reports for the pool box were displayed at the meeting, and it was stated by our engineers that the pool box and its supporting members are structurally sound. The results from the testing lab show that the pool box walls and floor exceeded 6000 psi compressive strength after full curing and beams and columns exceeded 9000 psi strength. The pool box was build using an open form shotcrete methodology in order to obtain a monolithic pour in order to eliminate any cold joints at the interfaces of the walls and floor which would have been the case in the event of a fully closed forms process on the walls. In a shotcrete method, concrete is pumped from the concrete truck and shot into the form with the use of) an accompanied air pressure hose.

At the board meeting it was discussed that during the day of the pour of the pool box on Jan 14th 2022 that each truck load of concrete was tested by an independent testing company with oversight of our engineer. One truck load of concrete was rejected by the Bunker Engineering inspector since it did not meet inspection standards. The total thickness of the pool is greater than 10 inches with 2 layers of rebar. The entire structure of the pool including the walls and floor was poured at one session except for one area of about 4 inches of depth in the shallow end of the pool around the upper layer of rebar. That area of the top layer of rebar in that section of the shallow end of the pool was poured the next morning. What this means is that below the area where concrete ran out, there is 6 inches of solid concrete. And, when the final pour was done, the rest of the concrete was not fully cured, which did not result in a structural cold joint. Both or our Licensed Professional Engineers stand behind the structural integrity of the pool. Significant concern was expressed by an owner saying that the pressure at the hose of the shotcrete gun needed to be 5000-psi pressure, but none of our engineers or our contractor could understand how any worker could control a shotcrete gun with 5000-psi

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hose. For a suggested reference, the pressure of a fire hose is 100 psi. That unit owner who suggested the need for such enormous pressure says he worked in the Oil and Gas Industry and we can only assume that perhaps that amount of pressure is needed for capping oil or gas wells, but is not feasible for pouring pools. Additionally, there continues to be concern related to repair methodology of epoxy injections of the shrinkage cracks in of the side walls of the after its initial water test. We have posted the official response from our engineer on building link under building inspection reports. These are shrinkage cracks and are very common in irregular shaped structures such as swimming pools and do not cause a structural concern and were injected from the outside with a special epoxy that chases water to provide sealing.

Last month we reported that we were seeing an issue with the Waterproofing layer applied to the pool box. A cementitious waterproofing product which was specified for the project in the original pool plan Sika 107, was applied to the interior of the pool, however we still saw some very small amount of leakage after a water test. After consulting with the waterproofing manufacturer Sika, we saw some fine hairline cracks in the waterproofing layer and the exact cause was initially undetermined. Initially the direction from Sika was to remove the areas around the cracks and apply the sika flex tape in preparation for the application of an upgraded Sika 7600 elastomeric waterproofing for a 20 yr warranty. After further analysis from Sika who performed a materials tests on the Sika 107, they reported that all of the Sika 107 needs to be removed which had been mobilized last week and this removal is almost complete as of this writing. The materials testing showed a deficiency in the materials composition and at this point we do not know whether it was a materials issue or an issue with the preparation, mixing but we are in discussions among the responsible parties.

The BH is not responsible for any additional cost for removal of the failed product. The contracted cost of the Sika 107 is $60K and the cost of application of the Sika 7600 is $117K. At this time we are negotiating the price difference cost to the BH for upgraded material and installation. In the meantime, we are not halting the project but instead, we are moving forward with the assistance of Sika to prepare the pool box for the successful application of the Sika 7600 with a guaranteed warranty of 20 yr. Just to let all owners know, Sika was selected because of the quality of their products and that we have a strong business relationship with this company as we have been using their products for the waterproofing around the window openings, the Sika DecoFlake system on the balconies and the Sika Roof Pro system on the Pool Deck. All parties concerned have a vested interest to take a step back and get this critical stage right. Although issues sometimes cause project delays, our policies to date have been to test, inspect, re-test and be sure that we have the correct outcome.

Roof Repairs to the NE Quadrant

On the NE wing of the roof is where the building cooling tower and its surrounding privacy fence are housed. On the rooftop entire NE wing, there are many penetrations in the roofing membrane, especially in the area of the cooling tower. The roof project is separate and was never considered part of the building renovation. For many years we have had active leaks in several apartments in that area to the extent that ceilings in 2 units have actual overhead concrete spalling. It has been challenging to do a comprehensive repair of this area because there have been swing stage platforms in those areas in support of the window and restoration project for the past few years. Since 2019 we have tried several localized remediations from above and inside the units with overhead partial concrete repairs in owners' apartments without total success. We know in some areas of the roof there is spalling, and it cannot be repaired without removing the roof material entirely. The repair methodology will require a temporary roof while the localized concrete restoration is repaired and only once the concrete is repaired can we have a final roof applied. We have a bid from GC for the roof work and they already have a permit for concrete restoration and they are able to start the demo portion and repair work right away and their proposal is to use their swing stages to remove the old roof and to bring new materials to the roof. The Board is obtaining additional bids for the roof portion as we wait for the final documentation from our engineer to be used for a bid package. The total area of this roof section is approx. 8000 sq feet and we anticipate way less than 10% of area for concrete restoration, but as always that is an uncertainty until the areas are exposed. We do not have the funding for the total replacement of the roof at this time and we cannot proceed with a full roof replacement since we still will have swing stages on the western side of the building to complete the Fire Escape Landings work. The roof was replaced in 2007 and in the meeting minutes at that time the Board elected NOT to acquire a maintenance program from the roofer in support of the warranty. Also the insurance company denied the roof claim post IRMA and we have studies from an independent engineer of roof images for the past 10 years and it was obvious that the proper maintenance was not done all these years.

Hurricane IRMA Insurance Claim

Hurricane IRMA was from Sept 2017, at the time the Board had Ernesto Cuesta as Property Manager and

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Leonardo Garzon of Desimone as the engineer to continue advance the restoration project. Desimone had written a report prior to the hurricane relating to the structural work to be done on the building. After the storm in 2017 the Board called Desimone in again to make an assessment report post hurricane. We had a lot of water in the building from IRMA, a few broken panes of windows and some railings on the pool deck blew off and that was all that was visible. The insurance carrier indicated that all of it was under the deductible and paid nothing. In 2018 when a new Board was elected, Ernesto suggested that we use a public adjuster for our claim for damages from IRMA. We struggled with the decision to go ahead with the public adjuster but since he made the argument that: no matter what the prior condition of the windows, and no matter if we already decide to replace them, if a case could be made that the windows were damaged in any way by the storm, the insurance co had insured us with a policy for the windows in the condition they were in and they were responsible to replace them with new windows, since you can't buy old windows. Honestly, we thought the argument was weak if it had to go to a trial, but since there was no out of pocket cost to the BH since the adjuster and the attorney would be paid on a percentage of any proceeds from a settlement less the costs of any professional reports. The

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attorney hired an engineering company to write reports, go apartment by apartment to examine the windows and the insurance company had an adjuster as well do the same with many reports being written on both sides.

In 2021 we participated in a multi-day Examination under Oath, and provided 1000's of documents over several requests over these years. We went through a mediation with the 2nd in line insurer last year and were forced to drop the roof and pool deck since it became clear that the kitchen sink approach of the adjuster adding every possible item on the building claim was not effective, if the case was going to trial and we would need a simple clear argument and keep it focused on the windows. They offered us 50K and we walked from the that mediation. Federal court had locked the trial dates and depositions took place and a second mediation took place in early June, Our case was looking good until they called in Leonardo Garzon who was our contact at Desimone in 2017 and in his deposition he said that against all the other experts that he was certain that the storm did not damage our windows, the windows were old damaged and beyond their useful life, which was consistent with his report that the 2017 board asked him to make after the storm. In all the lineup of experts, he was the only one not hired for the trial and by either party, was the closest expert to the building before and right after the storm. Both the BH and the Insurance Carrier had their experts as well, but Leo was the only one that was not paid by either side to offer an opinion. We know for sure that Leo's work is almost exclusively focused on loss prevention related to insurance and for this reason was why we did not hire him in 2018 with the commencement of the restoration project.

The Bottom line here is that going into the mediation we had a 7.5M total cost for the window installation with approx. 35 % of windows damaged according to our hired expert starting the mediation at 2.5M. The insurance company started at a $50K offer and within 3 hrs of back and forth we got them up to what they say was their walk away final of $500K. The $500K will yield us approximately $300k after 18% to the attorney 10% to the adjuster and approximately $70K in engineering report expenses. The Board decided to settle the case at this point rather than take the risk of having to pay opposing attorney fees during the trial case in the event the case in Federal court was not won. In the environment with Hurricane IAN devastating the West Coast of FL, we thought the jury will see us as trying to take advantage of the insurance company to pay for our new windows when we were going to replace them anyway and a loss in court could have required us to pay significant out of pocket expenses. In summary, we were advised by our attorneys that a net reimbursement of $300K was the best outcome for us and the Board agreed to this settlement.