

## PAINTED HILLS ASSOCIATION, INC. 4364 E. REMBRANDT DR. MARTINSVILLE, IN 46151

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Dear PHA Members,

On October 17, 2015, Darwin Ellis and I were measuring and documenting the state of the Holiday Spillway Tubes in preparation for anticipated repairs. During our survey we discovered that the #3 tube (back to the Lake, far right) has begun collapsing at the flow line which has disintegrated from 40+ years of water flow. To a slightly lesser degree tubes 1&2 are also about to the point of breakdown.

We are now in a level 3 (lowest) Dam Incident, per DNR guidelines. We have over the last few days been scurrying to get engineers and contractors to come up with a proposed solution. We are presently waiting on proposals from various contractors so we can submit a plan to DNR. This is to the point where we cannot wait to act. The Holiday Dam and the road are both at risk. This is not going to be an inexpensive endeavor. Even the solution, that we believe is suitable and the least costly will deplete our current normal reserves and get into our General Reserve.

We won't know our exact financial situation until we get back all proposals, have approval from DNR and make a final decision on a solution. I the mean time I will try to keep you informed as we progress.

Dan Arnold