

Carl and all,

I apologize but I am going to ramble a little here in answering your questions.

As of our 5/12/09 invoice to you, we have billed the HOA a total of \$48,948.75 and we have received payments totaling \$20,788. Since 5/12 we have spent very little time (mainly Neil's time) so any subsequent bill should be minimal. If/when you authorize us to proceed thru design development drawings in order to finalize our budget promise to you, we will ultimately bill the full amount of the current executed agreements totaling \$141,900. And, if we proceed beyond design development to finalize construction documents and submittal/approval of planning documents to the Town, the total cost to the HOA would be \$251,850. These numbers do not take into account the \$25,000 credit from our previous contract that was requested by George, which was originally conditioned on the HOA proceeding with the full \$251,850 Archistruction Agreement.

To date, under our current agreement, Neenan has done the following:

- Coordinated the work performed by CTL Thompson to perform site investigations, determine sub-surface conditions, and develop recommendations regarding how to proceed with corrective measures for the retaining wall.
- Conducted multiple meetings with the Planning Department, Fire Department, Traffic Department and other municipal groups responsible for review and comment on the HOA plans prior to proceeding with design. Verified requirements for amended PUD.
- Worked with the Fire Marshal to investigate options for up-grading of existing buildings fire protection systems, and negotiate least expensive solutions. This is on-going.
- Worked on design for access to lower units and coordinated this with civil design and with the Town.
- Verified employee housing requirements and parking ratio calculations.

Investigated building code calculations for Building M and parking garage as well as lower unit access stairways.

- Developed preliminary plans for Building M, for purposes of review with adjacent property owners, and to allow developing of parameter cost estimates.
- Developed preliminary design plan and parameters for parking garage, including loads, clearances, fire department requirements, etc.
- Coordinated meetings and development of proposed options and budget pricing with major subs for retaining walls, snowmelt systems, pre-cast and cast-in-place concrete systems, mechanical/electrical/plumbing design, and structural.

- Close coordination of civil engineering and design for site grading, drainage, utility design and locations, retaining wall locations, etc.
- Assembled project budget pricing and options for various cost considerations being evaluated. Provided up-dated budgets as additional information became available.
- Prepared packages and conducted multiple meetings with the Board and with the HOA to explain our progress and direction and provide budget up-dates with options.

What is Neenan prepared to stand behind at this point? Our plan was and is to give you the best number possible once we have adequate design completed, and then hold that number as a promise to you and the HOA. Based on what we now know about the project, existing conditions (particular sub-surface), town requirements, and your Conditions Of Satisfaction, we guarantee that the budgets we have developed will not be exceeded for a 2010 construction. Further, it is very likely that once we can finalize your design, these budgets will go down. Your final costs will be influenced by the scope of work you ultimately approve, the final bids we receive from major subs and suppliers once hard drawings are available, the contingency carried as unknowns are identified, and commodity prices at the point we can commit to contracts. As you well know, all of these are somewhat volatile right now.

You selected Neenan originally to help you avoid the pitfalls of the traditional construction process, the proof of which is all around you. Now your dissenting group is wanting to take you back into a traditional process. The Board and Neenan have proceeded in good faith to produce reliable budgets you could use for planning and informing the HOA of options, while buffering you from the potential for additional price creep in the future due to unknowns and incomplete design.

We have never given you a “bid”, but rather budget numbers that you could take to the bank, both figuratively and literally. Any “bid” right now based on the level of design available and the intense competitiveness of the market is going to result in a budget, likely low, that is not representative of your true final cost. Now we feel like we are in a situation where our budgets are going to be compared to others whose only goal is to give the lowest possible number to get selected, without addressing the best interests of the HOA. Like you, we know too much about this project and the potential for problems and I believe this works against us all if we are placed in a competitive mode with others who lack context and whose M O is to pound out the lowest number.

Neenan was not hired to and is not in a position to put together a set of bid documents so this project can be bid out to other General Contractors. We were hired to get the best possible responsible pricing from subs and suppliers on your behalf, then responsibly deliver on

a budget promise to you and the HOA, a budget you have helped develop and understand. I believe the Board trusts us and support us in this effort and approach, and appreciate that support. We are frustrated at the potential for this effort to be derailed by someone who really does not understand the dynamics and the complications of this project and the process we are in the midst of. And, I understand why they would question and be frustrated with where the HOA is today based on the 2 years of effort to-date and the potential assessments they face. I wish we could meet with them and try to address their concerns directly, but it is probably too late for that.

We can provide you with whatever we have developed, but the work done to-date has not produced definitive designs sufficient to allow accurate or meaningful pricing from other contractors. What we (or the Board) can provide is the soils report, the CTL Thompson report, preliminary site plan showing location of the walls, garage and Building M, preliminary Building M concepts, and whatever civil drawings have been produced by Preston. Of course you also have the information we have dug up regarding previous issues and fixes from the original construction that you could provide.

If the HOA wants to really go out for bid, it should be done traditionally, and Neenan does not fit into this approach. If they want to do this, they need to hire an independent architect, complete the designs, and get bids based on those drawings. If this is the direction ultimately chosen, Neenan will graciously decline because we believe this approach is fundamentally flawed and will not give the HOA what it wants or ultimately needs.

Let us know if there is any other information you need. I ask that you direct any communication to Neil as I will be out of the office on vacation the next two weeks. I really hope we can get beyond this issue. I believe we are very close to a long-term solution that is in the best interest of the HOA and will solve what is a very complicated and potentially catastrophic issue. It would be a real pity to lose the momentum and depth of knowledge that we have together produced so painfully over the past 2 years. I suspect you feel the same way.

Good Luck!

Ray Pigg

The Neenan Company