

# Homeowners Letter: Sept 15, 2008

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Snowmass Mountain Condominium Homeowner:

This letter is an attempt to inform you of the matters discussed at the HOA's annual meeting on September 6, 2008. There was excellent attendance at the meeting of approximately 26 Homeowners and a total of approximately 70% of eligible voting shares present either in person or by proxy.

At the meeting we discussed not only current finances and the state of the property (Manager's Report) but also next year's regular budget and the building project.

Current finances are in good shape and next year's regular budget only requires an approximate 1.8% increased assessment. We plan to make some interim improvements in maintenance, heat tapes, gutters and the driveway and parking areas.

## Current State of the Building Project

Beginning a few months ago we learned that construction of the structured parking was much more complex, risky and costly than we had been led to believe. Although we didn't have solid numbers at that time, we did get better numbers a couple of months ago and learned the total construction and soft costs of the project we had previously discussed would fall into the \$22 million range.

After receiving that estimate, we met for two days in early August to figure out what to do. We decided as a board that the project as then designed was too costly for our association to undertake (it would have resulted in assessments in the \$160,000 to \$220,000 range.).

As a board we directed our contractor to redesign the project on a smaller scale at a number we could possibly live with (as you know, the retaining wall must be rebuilt now from a safety and liability standpoint).

## Reduced Project

Our contractor, Neenan & Company, whom we selected after an RFP process some time ago, came back with a reduced project consisting of retaining wall, driveway, new Building M with four approximate 1,800 sq. ft. condos for sale as well as a small

area of structured parking to serve the new building and the spaces lost by the construction. The plan also called for residing all our buildings, rehabbing the stairways in all buildings, landscaping, etc. to give the entire project a new look. We are also required by the town of Snowmass to provide two units for employee housing, an improved bus turnaround and access to the path. The construction of Building "M" with four new condos will hopefully give us funding for a portion of our construction project. A major long-term benefit will be the additional revenue of approximately \$65,000 annual assessment from these four condos.

After receiving the reduced project plan, we asked our contractor to consider reducing the project further by eliminating the structured parking. He did so but we did not receive significant project savings by doing so.

After reviewing all these alternatives, the board decided and discussed with the homeowners at the HOA meeting, to go forward with the reduced project (4 appx. 1,800 sq. ft. condos for sale, small area of structured parking and rehabbing the entire property exterior).

Our next steps will be to approve construction drawings, obtain Town approval of our required amendment to our plat, plans, etc., and seek financing for the project as well as financing for homeowners.

At the HOA meeting we also discussed the following assessments.

#### Immediate Assessment for Preconstruction Costs

In an effort to diligently evaluate all reasonable alternatives and make all the legal changes necessary to obtain town approval, the board has engaged the services of architects, soil engineers, structural engineers and other civil engineers as well as legal counsel, etc. This has resulted in town approval of the expanded plan we have previously discussed. Further, our declarations and by-laws were updated to comply with current laws. Therefore, an immediate assessment is necessary to cover the preconstruction costs mentioned above. This will be an assessment in the total amount of \$750,000 due with your next regular assessment. Your quarterly statement will indicate your portion of the assessment that will range from \$ 9,237 to \$ 16,234 depending on unit square footage. There will be a 5% discount if the assessment is paid within 30 days. If not, it can be paid in 4 equal quarterly installments with your regular assessments.

#### Future Assessment

The reduced project we have discussed will result in a significant shortfall. It is apparent that it costs substantially more to replace the retaining wall correctly than previously estimated. The soil under our driveway is primarily unstable fill. Accordingly the need for a substantial retaining wall with engineered tie-backs is essential. In addition, we need to rehabilitate the exteriors and stairways of our existing buildings as

well as rebuild our driveway. At this point we don't know what the future assessment will be but it should be less than referenced above for the previously considered project.

Snowmass Mountain Board of Directors