Snowmass Mountain Condominium Home Owners Association

Strategic Plan for Capital Investment - Discussion document

Prepared by the SMC Board of Directors

(Kristin Ericson, Greer Litton Fox, Chris Madigan, Michael Mitchell, Kirk Samsel)

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1. INTRODUCTION

This document has been prepared by the SMC Board of Directors with two primary objectives:

a. To make Owners aware of potential capital investments that the Board and Owners need to consider and plan for in the coming years
b. to provide a systematic framework for gathering Owners views and opinions on these potential capital investments

The current board firmly believes that appropriate capital investment is essential to maintain the fabric of the property, improve its amenities and appearance, and maintain and enhance property values. Furthermore, the Board believes that this capital investment is best done in a planned and strategic manner, rather than being forced upon Owners as emergency expenditure.

An overview of the scope of the capital investment discussed in this document is provided below. In many cases, this investment will be essential at some point in the future, and in other cases it could be considered discretionary.

- **Roofs:** Replacement of all roofs
- **Windows and doors:** Replacement of all of these throughout the complex
- **Building Exteriors:** Replacement with a more functional exterior and modern appearance in keeping with the mountain environment
- **Lighting:** Improve the appearance and consistency of the lighting throughout the property
- **Pool:** Replacement of the pool and surrounding deck
- **Amenity Building:** Remodeling of the upper and middle floors of the Amenity Building
- **Landscaping and Grounds:** Continuation of Board efforts to introduce greenery into the property and break up its concrete appearance. Make more use of the grounds as an amenity for Owners and visitors

The Board recognizes that the cost of the proposals included here are well in excess of the monies that are raised through the current annual major maintenance contributions of Owners (current amount raised for major maintenance is approximately $175,000 per year). A discussion of potential financing options that could be considered is also included. It should be recognized that while the whole purpose of this discussion document and any strategic plan for capital investment that follows it will attempt to provide Owners with a schedule and cost for proposed future replacements/upgrades, there is always the possibility that events will run ahead of any planned replacements/upgrades. In this case, funding will be required on a more immediate basis and is likely to require a special assessment.

The Board intends to gather Owner feedback on this discussion document in the form of an on-line questionnaire, which will ask for comments on the investments themselves and their possible timing. We will request that all Owners complete this questionnaire in order to obtain as full a picture as possible of Owner opinions and preferences. We will also provide within this questionnaire the opportunity for Owners to provide additional comments. The proposed survey questions are included at the end of each section in this document so that Owners may formulate their thoughts, but Owners will be asked to provide their actual feedback and comments via the on-line survey, the link for which will be provided to Owners separately.

The following sections detail the thoughts of the current Board with respect to each of the potential capital investment items listed in the scope section above.

2. ROOFS

Background

All the roofs in the complex were replaced with 40 years shingles in 1995, with the exception of Buildings D (1990) G (1991) and L (1993). The roofs for D, G and L were subsequently replaced with 30-year shingles in 2006. In 2012, a reserve study prepared for the Association by Aspen Reserve Specialties (ARS) projected a replacement date for the roofs of 2020 (the roofs were identified as having "30-year shingles" in this report, but the projected useful life was assigned as 20 years). In an update to the study in 2015, the useful life remained the same but the estimated replacement cost was increased to $250K. Subsequent reserve study updates by the Board projected a later date for replacement, based on

the condition of the easily visible parts of the roof and the hope that more than 20 years of useful life could be obtained from the "30-year shingles".

Current situation

During the deck replacement project in late 2016 it became clear that some parts of the roof were in very bad condition and nearing the end of their useful life. The Board commissioned a survey of the condition of all roofs in the complex in 2017 from Umbrella Roofing. This revealed some immediate problems with all the roofs, and a general life expectancy in the range 3-5 years depending on the particular roof, if the immediate problems were addressed. The survey also identified some additional structural elements that would need to be addressed at the time the reroofing was done, for example replacement of certain chimney caps, storm caps and mason laths. The Board decided to invest approximately $30,000 to address the short term needs and extend the life of the roof by 3-5 years. This short-term repair work, which included replacement of some shingles, flashing, ridge caps and storm collars, was completed in late 2017, which means that the roof will need to be replaced in the 2020-2022 timeframe. Two separate assessments by other reputable roofing companies also confirmed that the existing roofs would need replacing in less than 5 years.

Investment Options and Costs

We have received three quotes from reputable roofing contractors for roof replacement with asphalt shingles and two for corrugated metal panels. Based on these quotes and the additional structural work that would be needed to repair the chimneys, plus installing new heat tape and guttering, the Board estimates the following costs for roof replacement (<u>without any contingency</u>):

- Asphalt shingles: $615,000 (Life expectancy ~ 30 years)
- Corrugated metal: $885,000 (Life expectancy ~ 50 years)

Flat metal roofing panels were not considered suitable for our roofs because the buildings are not entirely square and flat panels would accentuate the distortions in the buildings.

Appearance

If shingles are selected, there is a wide choice of colors available. The color and style of the shingles has not yet been selected, but these would be selected to integrate with the longer-term plans for the exterior appearance of the buildings (see illustrations of possible external renderings in "External Upgrade" section later). The Board's current proposal would be to consider a charcoal grey type of appearance. The intention would be to use this color also for the deck and property railings and stairways.

If a corrugated metal roof is selected, the color options are far more limited. The two options are Corten (a naturally weathered steel) or a galvanized "zinc-grey". Of the two options, the Board currently favors the Corten option.

Timing

The advice of the roofing contractors we have consulted is that essentially all roofs should be replaced within the next 2-4 years (one contractor thought that the B/C roof might last longer than this). The Board considered the option of replacing the roofing panels one at a time "as they fail", but rejected this approach for the following reasons:

- Piecemeal replacement at the point of failure will give a random and non-uniform appearance for the time it takes for all roofs to fail. In addition to being unsightly, it will be obvious to any prospective purchasers during this time that roof replacement throughout the complex is likely to be needed for all units in due course, and it will detract from property values.
- The cost of replacement of each roof panel "as it fails" is likely to be much higher in the long term due to the damage caused by the roof's leaking in the first place and by the fragmented nature of the work, where roofing and associated sub-contractors would have mobilization costs for each panel replacement, including any scaffolding or "cherry-pickers" needed, plus purchase and fitting of not only the shingles, but also any associated masonry repairs, heat tape, gutters, etc.

Points to consider

Metal vs Asphalt:

- There is a significant price difference between asphalt and metal roofs, but this is offset by their different life expectancies.
- The metal roofs are likely to be more durable than "50 year" asphalt shingles, which realistically may have a life of 30 years in our mountain climate. A metal roof could be considered to have a life of 50 years.
- The color options are a lot more limited with a corrugated metal roof.

Proposed Survey Questions *(respond via on-line questionnaire)*

- Which material do you prefer for any roof replacement?
  - asphalt
  - corrugated metal?
- Is the proposed "charcoal grey" type color acceptable to you?
  - yes
  - no
- Any other comments?

3. WINDOWS AND DOORS

Background

The windows and doors (frames and glass) throughout the complex were last replaced in 4Q1997. A reserve study prepared in 2012 and updated in 2015 for the Association by Aspen Reserve Specialties (ARS) projected a total life expectancy of 20-25 years, and windows/doors were assigned a projected replacement date of 2022. The Board has used a date of 2021 in subsequent annual reserve study updates.

Current situation

A number of Owners have written to the Board in the last few months reporting their patio doors and windows to be in good condition. However, the Board is aware of examples where windows do not close easily or tightly due to distortions of the window frames, and other cases where windows have leaked and where the seal has broken leading to fogging. Hardware and weather stripping problems have also been reported. The current windows are wood with exterior aluminum cladding, and the exterior cladding of

the windows is fading and will continue to deteriorate. In addition, the current installations have some deficiencies:

- no windows in the complex have proper head flashing
- it is likely that a bare minimum of flashing is present with respect to both window and door unit perimeters and sill waterproofing, and integration with the building wrap and insulation, leading to examples of drafts and water ingress during storms.

In general, the windows of most units still have a useful life, but some short-term maintenance will be required to address the problems referenced above. Nevertheless, at some point in the future, replacement of all windows and doors will be required. The installation deficiencies listed above would be addressed at this time, which would provide the biggest improvement in energy efficiency of any renovation currently being contemplated for the complex. The replacement windows would be similar to the existing ones, i.e. wood with exterior aluminum cladding, which is very common for our climate as the cladding offers better protection from UV, moisture, temperature fluctuations, etc.

Investment Options and Costs

A quote for replacement of all windows and doors within the complex has been received from Pella Windows and the projected cost is $962,000, which includes materials, labor and interior trim. Even with the objective of removing a minimum of trim as part of this project, it is likely that an additional approximately $200,000 would be required to ensure effective fitting and integration of the new windows and doors with the existing siding of the building.

Appearance

A number of color choices are available for the external aluminum cladding, and the color would be selected to fit with a projected long-term color scheme/appearance for the exteriors of the buildings.

Timing

Different timing options could be considered for window and door replacement. It is difficult to project when the increased incidence of window failures due to leaks, distorted frames, failing glass seals, etc. would warrant wholesale replacement, but the following options could be considered.

- Near term: within the next 5 years
- Medium term: In the next 5-10 years (assuming that the life of the existing windows can be extended this long)
- At the point of failure: When an increasing number of the current windows/doors fail – i.e. when the annual cost of repairing them (and the damage caused by leaking windows, doors, etc.) becomes excessive and it is financially wiser to replace them all than bleed money on short term repairs

Points to consider

- Waiting until the "point of failure" as described above would mean that considerable money may be expended on short term repairs, which could include installation of replacement glass for "foggy" windows for instance, before the Board reaches the conclusion that wholesale

replacement is warranted. At this point, all frames and windows would be replaced, and any prior expenditure would be "lost".

- Adopting a "point of failure" approach could also result in an increased incidence of leaking windows and doors, causing damage to the shell of the building and interior of the Units, causing Owner inconvenience and increasing the cost of short-term repairs
- The appearance of the windows will continue to deteriorate and increasingly detract from the overall appearance of the property, potentially impacting property prices. Poor operability of the windows and doors is also likely to become increasingly common in inspection reports, signaling the likely need for replacement to prospective purchasers and impacting property values.

Proposed Survey questions *(respond via on-line questionnaire)*

- Do you agree that wholesale replacement of windows and doors should be carried out by the HOA at some point in the future?
  - Yes
  - No
- Timing: In the event that the Board decides to carry out wholesale replacement of the doors and windows, when do you think that this should be carried out?:
  - In the near term (within 5 years)
  - In the medium term (5-10 years)
  - At the point of failure
- Any other comments

4. BUILDING EXTERIORS

Background

The existing cedar siding that covers the majority of the buildings is likely to be the original material installed at the time of construction – the Board has no information that it has ever been replaced, with the exception of the cedar siding surrounding the chimney flues, which was replaced in 2015 as part of the flue project. The siding was last painted in 2011-12, at the time of the wall project. If no exterior upgrade is planned in the near term, the siding will need to be repainted in the next 2-3 years. In 2015, the cost of this repainting was estimated to be $180,000.

Numerous condominium complexes in Snowmass Village have chosen to upgrade their exteriors in recent years and in total about 50% of the condominium complexes have upgraded their exteriors (see Appendix 1). The Board anticipates this trend of external upgrades to continue within Snowmass Village.

The Board of Directors for SMC did consider an external upgrade of the property in 2005/6, commissioning a concept study from Gustafson and Associates. Comments from this study at the time referred to a "first impression" that the property is "bland and dated," with "pervasive wood siding" showing "wear and tear." The primary proposal for the external parts of the buildings included "the use of more traditional materials of stone and wood, coupled with the introduction of timber" to "create a more timeless appearance." This project was ultimately not progressed.

Current situation

The negative feedback on the appearance of the property has been a consistent theme over the last several years, whether it be from Owners, Realtors or prospective buyers. It is the opinion of the Board and many others that the exterior of the property is dull, bland and beige. The color of the units matches the concrete and makes the whole appearance sterile and uninviting as you drive into the property. While three shades of paint have been used on different elements of the buildings, the differentiation is small and almost invisible. The buildings themselves are architecturally interesting, but the Board feels current appearance does not capitalize on this.

In addition to the bland appearance, functional problems are also visible in many buildings. Warpage and discoloration are visible at various transitions on the building exterior, such as interior and exterior corners, roof to siding transitions and fascia boards. This warpage provides gaps and areas for water infiltration that, coupled with poor underlying conditions arising from dated construction, has accelerated the deterioration of the skin of the buildings, both the cedar siding and the layers underneath. While the Board continues to approve short-term repairs on an annual basis, a time will come when this short-term approach will no longer be viable or in the best interests of maintaining the building integrity throughout the complex.

Investment Options and Costs

The proposal favored by the Board is to replace all the siding/cladding on the exterior of the buildings at some point in the future. A number of possible materials could be used in combination to balance the overall appearance, for example stone, Corten (naturally weathered steel), new wood siding (horizontal and vertical) and/or composite ("artificial") siding, and stucco.

To give Owners an idea of what such an upgrade might look like, images of two prototype renderings have been prepared (Appendix II). Material descriptions are attached to each example. In addition to addressing the physical deterioration of the current building exterior, the other principal objectives are to improve the efficiency and integrity of the buildings, highlight the contrast and appearance of the buildings while making use of their existing architectural features, and retaining the "mountain feel" of the property while also making it appear more modern and contemporary. It is reasonable to expect that such and upgrade would have a 30-40 year life. With so much new building in the area and upgrades to multiple communities, it is important to consider the ramifications given we do nothing and allow other properties to increase in value.

The most logical time to carry out an upgrade of the type proposed here is when the windows and doors are being replaced. This is because a significant amount of siding will be removed when the windows and doors are installed, in order to property flash and integrate the window and door elements with the building wrap. In these circumstances, it would be more time-consuming to patch in old siding and refinish as opposed to installing new siding (which can be pre-finished and brought on site) in an efficient and orderly manner.

A variety of external cladding options can be considered, and the associated costs for these options are provided below for information:

- Wood siding: $15.50-21.50 per sq. ft (materials and labor)
- Stucco: $25-28 per sq. ft (materials and labor)
- Metal: $21-25 per sq. ft.(materials and labor)
- Stone: $30-$35 per sq. ft. (materials and labor)
- Composite "siding-like" materials: wide range of potential prices

Independent of the choice or exterior option, here will be additional costs for demolition, insulation, weatherproofing, and other miscellaneous costs.

No independent estimate of the cost of re-cladding the complex has been obtained, but from the expertise within the Board, the following projections can be made:

- B/C, D/E, F/G: $700,000 per building
- H/I, J/K: $900,000 per building
- A, L; $450,000 per building

These figures **include** the cost of window and door replacement and are based on an estimated cost for F/G, extrapolated to the other buildings based on an approximate square footage.

Appearance

A wide variety of color schemes can be considered. In view of the mountain environment of the property, the Board proposes focusing on natural wood colors and/or stains (grays, greens, browns) in combination with metal (e.g. Corten) and/or natural stone in certain locations. There is a precedent throughout the Village on all of these materials. The renderings shown in Appendix II show two possible color schemes and give illustrative examples of the different types of materials that could be used.

Timing

As explained above, if the decision is taken to carry out an external upgrade of the type proposed here, then it would be most cost effective to do this at the same time that the windows and doors are replaced, because of the amount of siding that would be removed as part of the window and door installation. Further, mobilization costs would be minimized with a complete renovation.

Thus, possible timings for such an upgrade would be as follows:

- Near term (when windows and doors are replaced): within 5 years
- Medium term (when windows and doors are replaced): 5-10 years
- At the point of failure - when either the windows and doors, or the exterior siding, fails
- Never (i.e. the current siding should be retained for as long as it lasts, and any window and door replacement would merely "make good" on any disruption to the siding that this requires)

Individual buildings would need to be re-clad in a single exercise to ensure a continuous building wrap with compatible materials. Individual buildings could be done at different times, but the "mixed appearance" of individual buildings within the complex would look odd – "work half done" – and the Board would recommend minimizing the time for such a transition of all buildings from one style to another to 1-2 years.

Points to Consider

- The exterior of about half of the condominium properties within the village have been substantially improved. At this point, the appearance of Snowmass Mountain is dated and is one of a diminishing number of properties that has not been upgraded.
- Real estate valuations will undoubtedly increase once such an upgrade is completed, and this increase in value will offset some of the cost of investment in this upgrade. However, while the Board believes that the increase in valuations will be significant, it has not currently entered into any discussions on the magnitude of any such increase in value with realtors in view of the unknown timing of any such upgrade.

- Retaining our current appearance is likely to result in property values for SMC Units rising at a slower rate than other properties in the Village, or even decreasing, especially as the trend of condominium properties within the Village completing external upgrades continues.
- If Owners are in favor of an external upgrade of the type being proposed here, then the logical time to do this is with the window replacement, because of the amount of siding that needs to be removed when the windows and doors are replaced. To carry out one activity and then the other at separate times would add substantially to the cost when compared with carrying out the two activities at the same time.
- The current exterior siding is cedar, and as such the siding itself is unlikely to rot in the future. However, increasing levels of water ingress due to warpage and buckling of the siding is likely to damage the underlying building materials, resulting in associated problems.

Proposed Survey questions *(respond via on-line questionnaire)*

- Do you agree that the Board should plan for a substantial upgrade of the external appearance of the property at some point in the future?
    - Yes
    - No
- Do you like either of the conceptual renderings in Appendix 2?
    - Classical – Yes/No
    - Contemporary – Yes/No
- If a majority of Owners are in favor of upgrading the building exterior, which timing do you prefer?
    - Near term (when windows and doors are replaced): within 5 years
    - Medium term (when windows and doors are replaced): 5-10 years
    - At the point of failure - when either the windows and doors, or the exterior siding, fails
    - Never (i.e. the current siding should be retained for as long as it lasts, and any window and door replacement would merely "make good" on any disruption to the siding that this requires)
- Any other comments

Appendix I: List of Condominium Properties in Snowmass Village that have and have not upgraded their exteriors.

Complexes that have completed exterior facelifts	Complexes that have not upgraded their exteriors
Aspenwood	Chamonix
Blue Roofs	Interlude
Country Club Townhomes	Laurel Wood
Creekside	Lichenhearth
Crestwood	Mountain Chalet
Enclave	Pokalodi
Ridge	Shadowbrook
Seasons 4 (Windows and sliders only)	Snowmass Mountain Condos
Snowmass Club Villas	Sonnablick
Tamarack	Stonebridge Condominiums
Terrace House (several years ago)	Timberline
Willows	Top of Village
Woodbridge	Woodrun 5
	Woodrun Place

Appendix II: Example Renderings of a potential External Upgrade of Snowmass Mountain Condominiums

External Upgrade Proposal

All the building elements suggested in the two illustrative options on the following pages can be found in Snowmass.

The buildings have been broken down into 5 key areas. Each of these areas can be mixed or matched. In the following pages, the current appearance of a typical building in the complex is shown, followed by two different renditions describing a possible upgrade.

a. Current look:

1. Roof
2. Chimneys
3. Main wall
4. Wedge
5. Pop outs

b. Modern Option:

This option is shown in the next two pictures. The material breakdown is as follows:

1. Roof – corrugated galvanized steel or shingles
2. Chimneys – Corten steel*
3. Main wall – cedar siding (stained)
4. Wedge – cedar siding (stained)
5. Pop outs – cedar siding (stained)

*is a group of steel alloys which were developed to eliminate the need for painting and form a stable rust-like appearance.

c. Classic Option:

This option is shown in the next two pictures. The material breakdown is as follows:

1. Roof – corrugated galvanized steel or shingles
2. Chimneys – stone
3. Main wall – cedar siding (stained)
4. Wedge – Corten steel*
5. Pop outs – Corten steel*

*is a group of steel alloys which were developed to eliminate the need for painting and form a stable rust like appearance.

5. LIGHTING

Background

New lights were installed along the driveway and the stairways to the lower buildings in 2011 as part of the Wall Project. These lights are very bright, and following the original installation, a circular "shroud" was fitted around many of them to focus the light more directly downwards and reduce the amount of light shining into individual Units, but this has been largely ineffective. Other light fittings appear to have been replaced on an "as needed" basis, leading to a mix of fittings and fixtures throughout the complex.

Current situation

The driveway lights are very effective, but some Owners complain that they still shine too much light into their Units and are still too bright to be left on throughout the night. The stairway lights to the lower buildings are effective. The lighting for the stairwells leading to the upper buildings is poor, as is the lighting under the carports. Similarly, the stairwells on the lower buildings are poorly lit, making the whole stairwell seem rather dark and gloomy. The lighting in the stairwells is omnidirectional and is a poor lighting source for the area. The lighting on individual Unit decks is not very bright or attractive and uses a mix of fittings.

Investment Options and Costs

The proposed upgrade of lighting throughout the complex is designed to improve the visibility and appearance of both upper and lower building stairwells plus the car ports and pool/spa areas. Improved (dimmable) lighting for the decks is also proposed. In general, these fixtures will be LED lights, reducing the operational costs, and wall mounted lights will be "up/down" lights to improve the appearance of the area being lit. Our Property Manager has recently discovered that the driveway lights are directional. but were installed incorrectly so that the light predominantly shines down onto the lower buildings, not the driveway. Furthermore, the lights are in fact dimmable. Correcting the direction and dimming the lights is expected to address the primary problems with the driveway lights.

Unit costs (without installation) are estimated to be:

- Stairway, landing and pool area lights: ~100 lights @ $100 per unit = $10,000
- Carport lights: 30 lights @ $50 per unit = $1,500
- Individual unit deck lighting (new fixtures, dimmable): 60 lights @ $100 per unit = $6,000

Appearance

There are a wide variety of wall units available, and the intention will be to select ones that fit with the long-term intended future appearance of the property.

Timing

Much of the current lighting throughout the complex is poor, giving a dim and dingy appearance with no warmth. Upgrading the lighting will bring immediate improvement irrespective of other upgrades. The timing options are:

- Near term (within 5 years)
- Medium Term (within 10 years)
- Never (i.e. retain current fittings and replace on an as needed basis)

Points to consider

- Initial impressions make a big difference to both Owners and visitors entering the complex, and the current poor lighting in the stairwells does not make a good impression. Improved lighting would make the entrances brighter and more welcoming. The same is true of the carports, decks and pool/spa areas.
- Driveway lights will hopefully be appropriately addressed by the short-term improvements mentioned above, so further modifications to these lights are not currently included in this strategic plan.

Proposed Survey questions *(respond via on-line questionnaire)*

- Are you in favor of the proposed lighting upgrades to stairwells, landings, decks, pool and carport lights?
  - Yes
  - No
- If a majority of Owners are in favor of a lighting upgrade, what is your preferred timeframe?
  - Short Term (0-5 years)
  - Medium term (5-10 years)
  - Never (keep existing fittings and replace on an as needed basis)
- Any other comments

6. POOL

Background

It is believed that the current pool was built around the time that the complex was originally constructed, which makes it about 40 years old. No details are available on its construction, but it is likely that there was limited foundation and drainage work installed beneath the pool, judging from the fact that the whole concrete shell has tilted over time so that the south corner is significantly lower than the east corner. Similarly, the decking slabs have shifted over time so that there are significant height differences between slabs with the result that the entire pool surround is uneven. There have been several instances in the last five years where leaks have occurred and have required repair. Maintaining an appropriate water level in the pool is challenging because of the tilt in the pool shell – the maximum upper level of one skimmer is close to the minimum lower limit of the other, so it requires regular vigilance to keep the water level between these two limits.

In 2013, the Board initiated a pool project to determine the scope and cost of replacement of the pool and the surrounding area. Construction advice and quotes were obtained from Colorado Poolscapes (CPI, for pool design and construction), John Mechling (CTL Thompson, geostructural analyses), Bob Otto (Otto Engineering, for structural engineering of retaining walls, etc) and Tuttle Engineering (site survey), among others. The Board ultimately decided in 2014 not to proceed with pool replacement at that time,

but instead opted to carry out a more limited "cosmetic upgrade" of the pool area. At the time the project was stopped, the key elements of the pool replacement design were:

- Demolition and replacement of the pool shell, including moving entry steps to west corner (currently at north corner). The Board considered enlarging the pool but at the time decided to keep to the same size.
- Relocation of the pool mechanical room to the east corner and excavation to place it completely below the deck level, to eliminate the unsightly housing, roof and venting that currently protrudes above deck level
- Installation of appropriate aggregate foundation and drainage systems for both the pool base and the surrounding decking to ensure a stable and secure base for the pool shell and decking
- Replacement of the railroad ties that were at the end of their useful life and were holding back the bank and upper level outside the gym area with a structurally permanent concrete retaining wall
- Installation of new steps leading down to the pool, upgrade of other retaining walls surrounding the pool and replacement of the current railings, which are not to current code.

At the time the Board decided not to proceed, the quote received for a new pool and associated work was of the order of $400,000, excluding any contingency. An upgrade of more limited scope was carried out instead, of which the key elements were:

- Replacement of the railroad ties with new ones to support the deck outside the gym
- Filling of the gaps between the concrete deck slabs and painting the deck with a non-slip paint.
- Repairs to the tiling around the inside of the pool and to the plaster surface of the pool
- Repairs to the pool plumbing systems

A small amount of money was subsequently spent in 2016 to make essential repairs to the inside and outside of the mechanical room.

Current situation

Following the upgrades that were carried out in 2014, subsequent Board discussions have taken the position that minimal further investment will be made to the existing pool (beyond the maintenance required to ensure its continued operation) and to target pool replacement around 2026, or earlier if there is a structural failure of the existing pool shell. Despite this, the Board recognizes the current deficiencies of the current pool, most notably:

- The decking slabs are uneven and unsightly
- The mechanical room housing above the decking is unattractive and detracts from the overall appearance of the pool surround.
- The pool slopes to the south corner, which makes it difficult to maintain the correct water level for the effective operation of the two skimmers
- Maintenance costs are incurred periodically to repair leaks
- There are several voids underneath the base of the shell, which add to the risk of the entire shell cracking at some point in the future.

Investment Options and Costs

A breakdown of the cost elements of the replacement pool project at the time it was terminated is provided below for information:

Item	Activity	Cost ($)
1	General conditions	50,334
2	Concrete/Pool Deck	77,161
3	Concrete/retaining wall - along patio pool deck	33,740
4	Concrete/retaining wall – next to gym/building	31,585
5	Concrete/new mechanical room vault	41,775
6	Special Construction/new pool shell	71,135
7	Metal Fencing - new	17,400
8	Other costs	3,530
9	Overhead and profit at 15%	48,999
	Sub-total	**375,659**
10	Contingency for trail repair to lower TOSV path (after hauling concrete, etc)	27,000
	Total	**402,659**

Investment options for the pool going forward are:

- Replacement of the pool, following a scope that would be broadly similar to the one developed during 2013 – estimated cost $400,000-500,000, depending on the exact scope and timing
- Filling in the pool (but keeping the hot tub). It should be noted that there will be a significant cost for decommissioning the pool and removing, disposing of the concrete pool shell and associated equipment and re-landscaping the area.

"Mudjacking" below the existing shell to level the pool was considered early on in the 2013 project. The professional advice received by the Board at that time as that mudjacking could put new stresses and strains on the existing shell and lead to cracks or similar structural problems with the shell. Based on the relatively small difference in the quotes received, it was concluded that pool replacement was a much better option than attempting to level the existing pool shell.

Timing

Options include

- near term (within the next five years)
- Medium term (within the next 5-10 years)
- At the point of failure (e.g. cracks in the pool shell or other failure that it is not possible to remediate in a cost-effective manner)

Points to consider

- Replacement of the pool according to a defined schedule is likely to be the most economic approach, since this allows the Board to plan and obtain competitive quotes without the pressure of dealing with a pool that is unusable and/or in need of immediate remediation to address the consequences of a catastrophic failure.
- Filling in the pool and eliminating this amenity is an option, but the Board considers the pool to be an important component of the SMC amenities on offer to Owners and their guests/renters, and as such it believes that we should retain the pool and replace it at some point in the future.
- There is an option to expand the current "play-pool" size of the pool and increase its attractiveness and utility to Owners and residents.

Proposed Survey Questions *(respond via on-line questionnaire)*

- Are you in favor of replacing the pool when needed, or filling it in?
  - replacing the pool
  - filling it in
- If a majority of Owners are in favor of replacing the pool, what is your preferred timing?
  - near term (0-5 years)
  - medium term (5-10 years)
  - at the point of catastrophic failure Pool no longer functional)
- Do you think we should take the opportunity to expand the size of the pool?
  - Yes
  - No
- Any other comments?

6. AMENITY BUILDING

Background

Building A supports the communal amenities provides to the Complex, in addition to the five Owner Units that are contained within it. These communal amenities include:

- Upper Floor: Property Managers Office and "welcome Desk/Foyer" (no longer used)
- Middle Floor: Meeting Room/Multi-Function Room; Two-Bedroom Unit (A7) owned by the Association and currently rented to MMM for Property Manager accommodation;
- Lower Floor: Changing/shower rooms and toilets; Sauna; Gym with exercise equipment; Building A mechanical room (including boilers for spa and hot water for building A)
- Outside: Hot tub and pool.

The lower floor changing/toilet areas and sauna were remodeled in 2013 and the two-bedroom unit on the middle floor was upgraded/remodeled in 2014.

The gym is generally in good condition. The hot tub was refurbished about 10 years ago. The pool replacement is the subject of a separate item in this strategic plan. The remaining items to be addressed to complete the refurbishment of the Building A amenities are the middle floor meeting room/function room and the upstairs floor of the building (Property Managers Office and "welcome Desk/Foyer").

To the best of the Board's knowledge, the current configuration of the meeting room and upper floor was installed in about 1991, at the time that Building A was remodeled. Anecdotally, the topic of remodeling/reconfiguration of these spaces seems to have been debated periodically for the past 20 years, and it appears that in every case, any proposal for significant investment was deferred.

Current situation

Upper floor: While a welcome desk/foyer may have been useful at some point in the history of Snowmass Mountain Condominiums, the area has no value as currently configured. There are two access doors but in practice only one is needed. The Property Manager's office provides very poor accommodation and is not configured to allow the Property Manger to see who is accessing the building. There is no seating area for people to use when perusing the magazines that are often made available or on display on the welcome desk area. Overall, the area is an unwelcoming, uninviting, non-functional entranceway to the Amenity Building.

Middle floor Meeting/Multi-Function Room: There is little furniture in this room; owners have donated what seating is available. There is a "bar counter" at one end, but with limited facilities for anyone to provide drinks and/or food, and no table or other seating that might logically be associated with a bar area. The room itself is stark and unwelcoming. On the other hand, the room is spacious and has great views over the pool and golf course, all the way to the Continental Divide.

The Board considers the two areas discussed above to be valuable parts of the overall Amenity Building, and in early 2017 commissioned an Interior Designer (Anne Grice) to propose designs for both spaces, based on the following guidelines;

- The top floor should be welcoming, inviting, and provide information about the complex and the local area. The accommodation for the Property Manager should be improved to make it a welcoming office and provide the property Manager with opportunity to see the people entering the Building.
- The meeting room should be redesigned to provide both a lounge area with a variety of seating and a large wall-mounted TV where people could socialize and/or watch major events. The other end of the room would be arranged as a food/drink area with suitable seating, should people wish to hold a group event there. Décor and lighting would be enhanced to improve the overall feel of the room. The lounge area should be laid out so as to exploit the view from the room, with the possibility of modifying the three separate sliding door/windows to allow for a better view and allow access to some outdoor seating for summer.

The resulting conceptual plans were presented to and endorsed by the Board in May 2017. No detailed bids have been obtained for the proposed work but a budget figure of $100,000 had been nominally assigned for the work, based on the expertise of Anne Grice and members of the Board. At the Annual Meeting in August 2017 there was considerable negative feedback regarding the Board proposal to move ahead with this renovation in 2017-8, and reluctantly, the Board subsequently agreed not to move ahead with the renovation at this stage, but to include the proposal in this strategic plan.

Investment Options and Costs

Investment options for the amenity building are:

- Remodeling of the Upper and middle floors according to the attached plans: Estimated $100,000
- Do nothing

Less expensive remodeling plans could be considered, but the proposed remodeling of these areas is likely to be a "once only" project, and as such, the Board believes that it is worth the proposed investment to convert both of these areas into a welcoming, attractive and functional part of the amenity building.

Timing

The following timings could be considered for any remodeling/upgrade of the upper and middle floors:

- Short term (within the next 5 years)
- Medium Term (within the next 5-10 years)
- At the point that windows and doors are replaced throughout the complex (since this will provide an opportunity to reconfigure the upstairs window/door arrangement and to redo the patio doors in the middle floor meeting room)
- Never

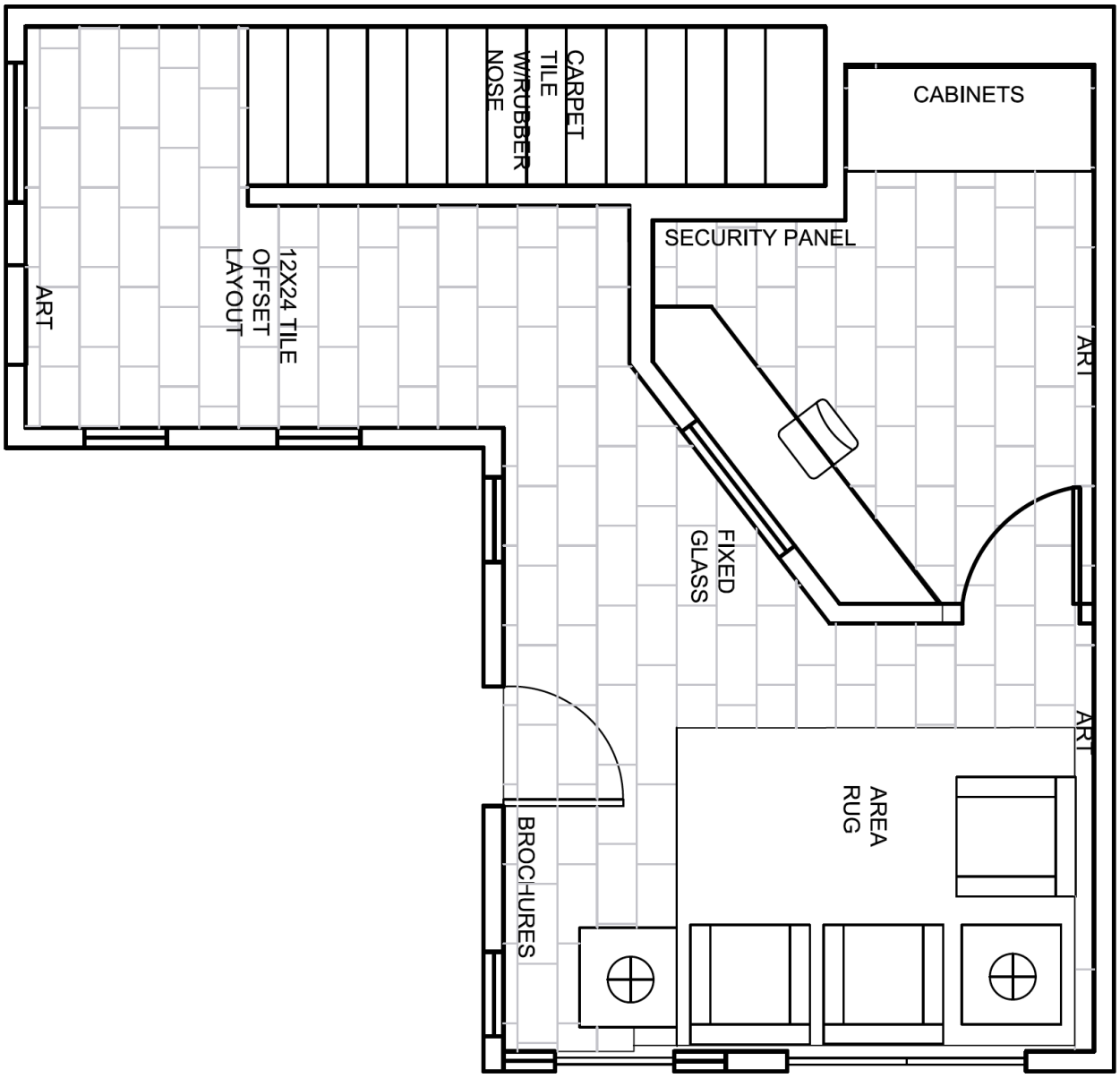
Points to consider

- The Board considers the two spaces under discussion to be important assets that should be better utilized. Remodeling of these areas provide better opportunities for existing Owners to use this space and improve the appearance of the Amenity Building, adding value to the complex as a whole, and therefore to individual unit values.
- Remodeling the upstairs floor only would certainly present a better appearance to visitors to the building, but it fails to exploit the space on the middle floor in a useful way.
- The view of the Board is that these two areas are eyesores, and their current appearance reflects badly on the complex as a whole; and doing nothing detracts from what is otherwise a very useful set of amenities offered to Owners, guests and renters.

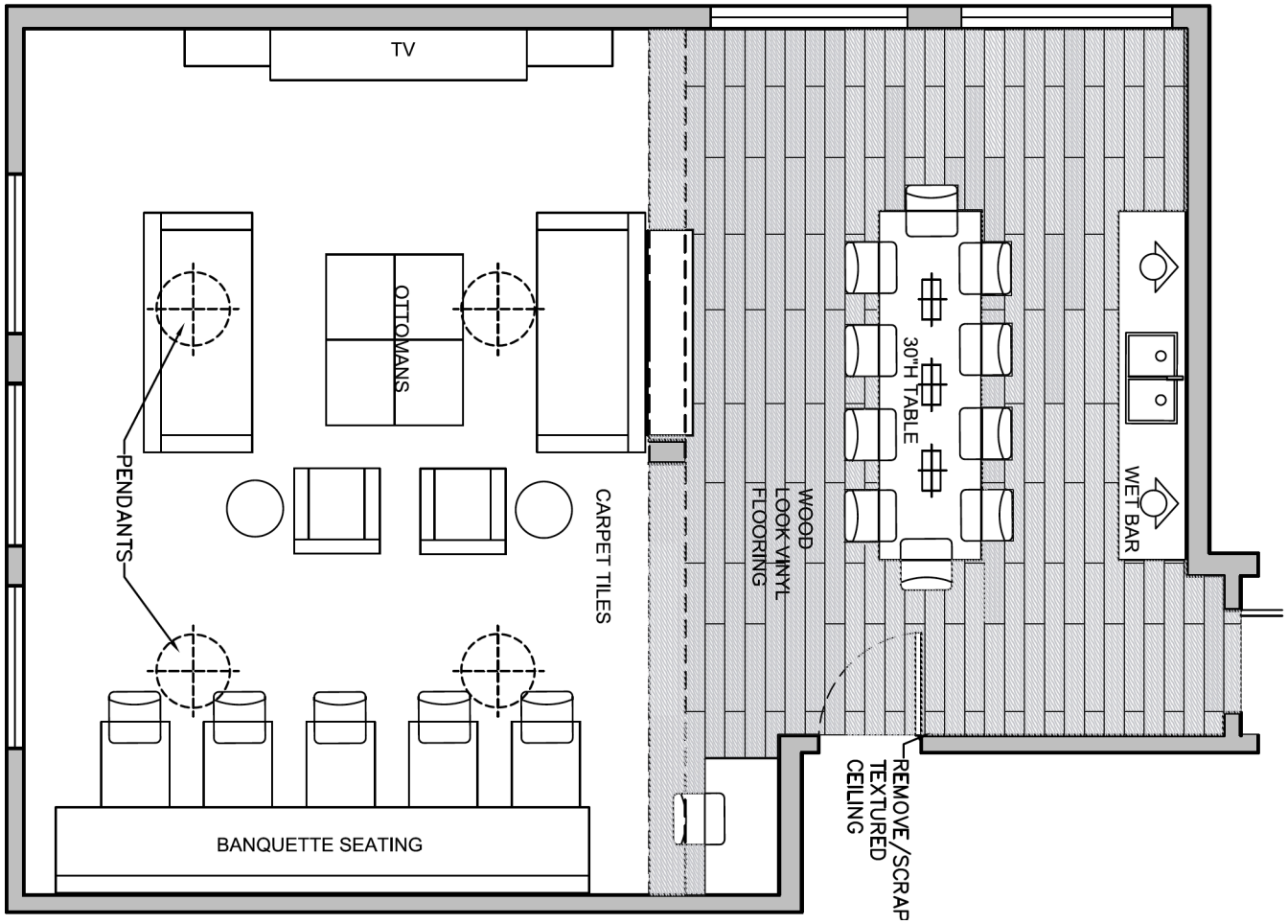
Proposed Survey questions *(respond via on-line questionnaire)*

- Are you in favor of the proposed remodeling Building A areas according to the proposed designs:
  - Yes
  - No
- If a majority of Owners are in favor of such a remodel, what is your preferred timing:
  - Short term (within the next 5 years)
  - Medium Term (within the next 5-10 years)
  - At the point that windows and doors are replaced throughout the complex
  - Never
- Additional comments

Proposed design for remodeling of the Upper floor of Building A



Proposed design for remodeling of the Middle floor Meeting Room/Multi-Function area of Building A



7. LANDSCAPING AND GROUNDS

Background

The completion of the massive wall stabilization project in 2011 left the complex with a vast concrete driveway, underlain by a snowmelt system, running from the entrance of the complex at the L Building to the parking areas at the B and A Buildings. The expansive new stonewall stretched across the entire lower section of the complex, looming over all the lower buildings. Slopes behind the upper buildings and below the lower buildings were left steeper and largely barren because many trees, native grasses, and plantings were lost during the construction. At that time and with the advice of a landscape architect, the following steps were taken: the lawn areas adjacent to and behind upper buildings and on slopes below

the lower buildings were sodded; small aspens and wild rose bushes were planted between the K-L and I-J Buildings to camouflage the expanse of the retaining wall; and small aspens and cinquefoil shrubs were planted behind the upper buildings. Spruce trees and shrubs were planted at the entrance and elsewhere throughout the complex to fill in several places where mature trees had been removed. The sprinkler system was replaced and extended throughout the complex.

In recent years special attention has been given to the challenge of adding greenery to the driveway area which, despite new wrought iron fencing and lighting, is a barren concrete expanse with no islands of greenery or plantings to break up the institutional presentation of the complex. Large composite planters plus several sizeable porcelain planters with aspen or spruce trees and seasonal flowers have been placed around the driveway and the pool deck. These supplement the small built-in planters at the entrance to two of the upper buildings and a small flower garden between the A and B Buildings. A natural path behind Building F-G was installed in 2017, providing access to the wild area above the upper buildings. In 2018 the picnic table at the top of the path was refurbished. Fire mitigation of the native vegetation on the hillsides bordering the property is done every few years under the direction of the Snowmass-Wildcat Fire District.

Current Situation

Environmental limiting conditions, which set parameters for successful plantings, have not changed over time. These include a challenging climate (high mountain desert), poor soil (shale, clays, rocky soils), steep slopes, and limited or no access to a natural source of water. Snowmelt beneath the driveway also limits planting options. The need for high impact, low maintenance plantings adapted to existing limiting conditions both summer and winter will continue to frame the landscaping needs of the complex. The potential impact of long-term climate change on landscaping must also be considered. Specifically, elevated temperatures, water scarcity, increased fire dangers, the emergence of new pests and invasive species are just a few of the challenges that can be anticipated. For the past few years the Board has invested in summer and winter seasonal plantings in small and large, resilient containers scattered throughout the complex. However, challenges remain. Because the driveway area serves as the parking area for the complex, parked cars often hide the smaller containers from view and larger, more visible containers impede access to stairwells and parking spaces. Seasonal plants, labor and maintenance costs, and fire mitigation will continue to be recurring operational costs.

The Board intends to continue its short-term efforts to expand the use of flowers and vegetation on both sides of the entranceway and in the lower building stairwells. Additional trees will be planted behind D-G Buildings, and trees will also be considered for the I-J “buttress” that juts out beyond the face of the lower wall. The use of hanging baskets along the driveway will also be examined. Possible additional investments on which the Board would like owner feedback are discussed below.

Investment Options and Costs

There are a number of additional investments that could be considered to improve the landscaping and amenities of the complex.

The open space above the upper buildings. Development of walking trails or other amenities (eg, tennis courts, child's swing set, adult-sized stand-alone porch swings) in this area would make more use of the property. Investment costs: up to $300,000, depending upon amenity.

Trees along the lower part of the property, next to the Melton Trail. The goal here would be to mask the view of the back of the Seasons 4 buildings that are currently an eyesore to those in the lower buildings. The tree line would extend towards the pool end of the trail to provide some sense of privacy between people using the trail and those using the pool, while preserving direct access to the bike trail from the lower units.

Sound barrier hedge. Reconstruction of the Snowmass Center, projected for 2022-2027, could have both visual and sound impact on SMC. Planting a double row or thick hedge of sight and sound barrier shrubs and trees at the edge of the SMC property line above the upper buildings is a potential response. Investment cost: $5000-8000 for water lines, trees, shrubs. Labor not included.

Points to consider

- Some proposed plantings (trees behind upper buildings, trees along bike path will be visible only to a subset of owners.
- Investments in the currently undeveloped areas above upper buildings may have limited owner use, will impact wildlife and disturb the natural area.
- Barrier hedge may be ineffective.

Proposed survey questions *(respond via on-line questionnaire)*

- Which of the proposed investments do you support and within what timeframe?
  - Develop land above upper buildings: swings
    - Near term (0-5 years)
    - Medium term (5-10 years)
    - Never
  - Develop land above upper buildings: tennis courts
    - Near term (0-5 years)
    - Medium term (5-10 years)
    - Never
  - Develop land above upper buildings: additional hiking trails
    - Near term (0-5 years)
    - Medium term (5-10 years)
    - Never
  - Add trees along bike path to shield the current view of Seasons 4
    - Near term (0-5 years)
    - Medium term (5-10 years)
    - Never
  - Plant sound barrier hedge on open space above upper buildings
    - Near term (0-5 years)
    - Never

8. FINANCING OPTIONS

Background

The Board recognized the need to increase major maintenance reserves in 2015, when it proposed three years of 15% increases in dues to the major maintenance fund. The last of these increases is to be put in place in September 2018. This means that the annual HOA income for Major Maintenance via the regularly scheduled Owner payments will bring in about $175,000 per year from September 2018 Onwards. This fund has to cover a number of expenditures (e.g. hot water heaters, boilers, repainting, etc.) in addition to the major items discussed in this document. The current major maintenance fund of the HOA stands at about $250,000. Although the extent and timing of the various capital investments that are proposed in this document are still to be determined, the current reserves and annual major maintenance income are unlikely to be sufficient between them to cover the costs of future capital expenditures over the next 10-15 years.

Financing Options for SMC Capital Plan

The Board has discussed possible options for how the HOA and/or individual Owners might manage potential future capital expenditure costs. Three Options can be considered.

1. Annual Special Assessments in advance of conducting the capital Investment
2. HOA Loan to fund the capital investment, with payments by Owners over the loan period (e.g. 5-10 years) to service both the capital borrowed and interest payments
3. Special Assessments over the period in which the work is done

1. Annual Special Assessments in advance of conducting the capital Investment

The proposal here would be that an Annual Special Assessment would be levied in advance of any capital investment work being initiated, to build up a fund from which such expenditures could ultimately be paid. For illustration, $3,000 a year would fund new roofs within a 3-4 year period; $15,000 per year would fund window/door and external upgrade of the complex in about 5 years time.

2. HOA Loan to fund the capital investment

In this proposal, the HOA could obtain a loan for the amount of the capital upgrade, and then levy special assessments for the period of the loan (say 10 years) to individual Owners to cover principle and interest payments on the loan. A similar approach was considered with the wall project, but ultimately not pursued. The interest rate for an HOA loan would be higher than that of an individual Owner could obtain by mortgage refinancing. We have received one estimate, based on current interest rates, that it would be one percentage point higher.

3. Special Assessments over the period in which the work is done

In this approach, quarterly special assessments would be levied around the period of the capital investment (the assessments would be a little in advance of the actual work being done so that the HOA could pay the invoices for work done on a monthly basis).

Points to consider

- Advance payments: This approach has the benefit that all the money needed for a capital investment will have been accumulated in advance of the actual expenditure, so there is no doubt regarding the Association's ability to cover the costs of the work. Any monies collected would be

credited to the individual Owners account with the HOA. The downside is that the Board would be asking for substantial funds from Owners far in advance of actually spending them, creating a fund containing potentially several million dollars within the HOA, which would need to be held in a very secure investment. In doing so, we are limiting individual Owners' abilities to select their own investments for this money. It also means that Owners may need to start finding money for special assessments starting in 2018-19, in order that the Association can build up the desired funds.

- HOA Loan: This approach has the advantage that Owners will be paying for upgrades during/after they are completed, so they will not be required to find monies in 2018-9, for instance. It should be possible for some Owners to pay their part of the financial obligation in a lump sum, or over a shorter repayment period, should they wish to do so. Perhaps the largest concern with this approach is that all Owners would be responsible for covering the additional cost of interest payments should one owner become delinquent, since it will be the HOA that is taking out the loan. The HOA will obviously take steps to recover any monies owed by Owners, but it will fall to other Owners to pay their share of the additional repayment until such efforts are successful. There is also the administrative component of transferring the loan obligation to future Owners should an individual Unit be sold during the period of the loan.
- Special assessments at the time of the work: The obvious downside here is that depending on the extent and timing of any capital investment, these special assessment charges could be substantial. However, developing a structured plan and timing for future capital investments would give individual Owners the time to plan accordingly, for instance either by earmarking available funds, refinancing their mortgage or taking out another form of loan.

Proposed Survey questions *(respond via on-line questionnaire)*

- In the event of the HOA needing to raise additional funds to support future capital expenditures, which of these approaches do you favor?
    - Special assessments in advance of the work, which would be raised by an increase in quarterly major maintenance assessments
    - HOA Loan to cover the cost of the work with repayments of principal and interest over time by Owners
    - Special assessment at the time the work is carried out (according to a defined investment schedule wherever possible)
- Additional comments?

10. OWNER FEEDBACK

Introduction

The Board has produced this consultation document on potential future capital investments specifically to make Owners aware of these potential investments and to gather their feedback. Owner feedback is a critical element in shaping a strategic plan for capital investment and reaching a consensus on future capital investments within the complex. This portion of the document outlines how the Board intends to gather and record feedback on the various proposals that have been made.

Scope

The Board wishes to hear the views of as many Owners as possible on all aspects of the plan, including:

- Scope: what proposed investments do you support/not support?
- Timing: your preferred timing of the various upgrades, should they go ahead
- Financing: what are your views on how we should finance any future capital investments?

Providing Feedback to the Board

We will we sending out a web-based survey to all Owners that will seek their input on specific questions regarding the proposals contained in this document. In addition to specific questions, there will be a number of "additional comments" boxes in the survey for Owners to provide further feedback.

The Board will try to provide a summary of the feedback we have received to date to Owners ahead of the Annual Owners Meeting in September 2018. The Annual Owners meeting will provide another opportunity for Owners to provide feedback.

Processing Feedback

The comment period for Owner feedback on the initial version of this plan will close at the end of August. At this point, the Board will consider all the comments that they have received and decide how best to move forward. It is hoped that some initial feedback can be given at the Annual Owners Meeting in September. The current intention is that during 4Q18-1Q19, the Board will produce a "Strategic Plan for Capital Investment" for Owner review, taking into account the Owner feedback.