

Capital Project Planning *Update*

Last summer, members of your Highline Club Board, Architectural Committee and Highline Community expressed concern that a number of exterior elements within the community were in various stages of deterioration and needed attention. It was obvious that repair costs were consuming a larger portion of each year's annual budget, structural problems were becoming much more apparent, and complaints from individual homeowners were increasing in frequency.

Exterior Infrastructure

In June of 2011, John Winston (a board member and resident of Unit 38) volunteered to conduct an informal assessment of all exterior elements for which the Association is responsible for maintaining. This included

the primary components of the buildings:

- Flat roofs and metal wall capping
- Sloped roofs, flashings, and roof drainage systems
- Siding and trim
- Balcony membranes and railings
- Wing walls
- Original decks and privacy fences
- Original awnings

and all additional elements within the surrounding common area:

- Asphalt streets
- Concrete driveways and pans
- Tennis courts
- Clubhouse and pool surround area
- Landscaping and Irrigation system
- Sewer system out to hook-up with city sewer

The purpose was to document the overall condition of these exterior elements, estimate repair or replacement costs, and note whether the community was in a position financially to move forward with needed improvements.

John's investigations and corresponding report revealed that in order to preserve our future home values, a number of large, capital improvement projects would need to be undertaken within the next 10 years. A copy of this report entitled, "Preserving Asset Value within the Highline Club Community" can be made available to anyone interested by contacting John at greywhale@comcast.net.

Capital Improvements Committee

After reviewing Winston's assessment, the Board commissioned a special Capital Improvements Committee (CIC) tasked with developing a long-term capital improvements strategy. The committee, composed of seven homeowners and one ex officio board member, was asked to evaluate further the potential scope and magnitude of the recommended improvements including setting project priorities, determining likely costs, and proposing a schedule for conducting the work. Committee members were also asked to investigate payment methods for these project improvements, including various types of assessments and community borrowing strategies. A copy of Winston's report was provided to all CIC members as the initial basis for their work and discussion.

In December of 2011, the CIC presented their findings and recommendations to date. The Committee concurred that certain improvements were long overdue, and tentatively assigned the highest priority to the following four projects:

- Siding and trim....due to water intrusion and further deterioration of building structures
- Tennis courts....are totally unusable and have become a worsening eyesore that actually detracts from the Highline Club value
- Balconies....water intrusion, failing flooring, poor drainage
- Front Stairs....safety hazard

The Committee also investigated various siding options and the removal and re-utilization of the space occupied by the tennis courts.

Siding options included replacing the current masonite boarding with either a fiber cement board, stucco, vinyl, or a rock/fiber cement board combination. The Committee also recommended that the Board retain expertise to evaluate the current condition of our siding, research the potential merits of the various siding options, and do a Net Present Value analysis over a 20-year period for a basis of comparison. This analysis will give us the information we need to compare the costs of the various options, including the option to continue the paint and repair cycle we currently employ.

Regarding the tennis courts, the Committee investigated the costs of repairing/replacing one court and installing a picnic area or xeriscaping in place of the other, but could not agree on a single option. They recommended the Board be involved in determining the best solution for the court area.

For all of the other exterior elements including driveways, streets, clubhouse and pool surround, etc., the Committee did not determine a long-term schedule for initiating these projects.

The Committee also investigated how we might pay for identified capital improvements. Suggested options include one or more assessments, increasing the monthly dues, taking out a loan, or some combination of these. Committee members noted that our current rate of reserve accumulation is woefully inadequate to fund these projects. A closer examination of these payment options will ensue once we have obtained accurate cost estimates for those projects that we might initiate before too long.

By assigning top priority to several possible improvement projects, the CIC has taken an important first step in developing a comprehensive capital improvements strategy for our community. Further project planning and prioritization will be needed in the coming months in order to develop fully this strategy.

After considering the recommendations of the CIC, the Board concurs that replacement of the building envelope should be the top priority. The original wood composite siding that covers our buildings was determined to be defective as part of a national class action lawsuit in the early 2000's. Furthermore, there is no water-proof barrier installed underneath the siding and the wood trim used to cap wall tops and corners is no longer an effective barrier to moisture infiltration. Consequently, water is intruding through wall caps and roof junctions and is rotting the underside of the siding, and in some cases, the framing of our buildings. This rotting is causing the siding panels to warp and in some areas, to shed paint and loosen the nails used to attach it. Wing walls and privacy fences are also displaying severe structural problems due in part to this water intrusion. Simply replacing the rotted siding panels is not practical because the smooth faced product is no longer manufactured. Therefore, the logical way to halt the water intrusion and preserve the structural integrity of our homes is to remove the current siding and trim, repair the damage that has already occurred, install a proper moisture barrier, and re-side out buildings with a better siding product.

Deciding on a new siding material that is compatible with our architecture, is durable, does not require a lot of maintenance, adds value, and is cost effective is not a simple process. This is partly due to the huge variety of siding products to choose from, but also because all of the exterior elements of the buildings contribute to their overall appearance and must be considered in this process. In addition to our building walls, this includes the sloped roofs and drainage system, balconies and railings, decks, stairs, privacy fences, and tangentially, the windows and doors.

To assist us in finding and deciding what envelope product or combination of products is best for our buildings, the Board has retained the services of SBSA (Solutions Before, Solutions After, www.callsbsa.com). SBSA, headquartered in Golden, Colorado, is a company specializing in architectural analysis, forensic engineering and construction management. They have been contracted to provide the following services:

- Document the existing building envelope conditions and take photos of the buildings for use with design renderings.
- Research appropriate siding options including summarizing the advantages and disadvantages of each option.
- Select three viable siding options and illustrate each with design renderings using photos of the buildings. A full description of each option will be included.
- Coordinate the siding evaluation work with one (or more) selected contractors to provide realistic replacement cost estimates.
- Provide a written report summarizing SBSA's findings, and present recommended siding options and any other suggested design changes to the Highline Club HOA at a town hall style meeting, including answering all questions from homeowners.
- Provide large prints of the design renderings for long-term viewing by members of the community.

SBSA should be finished with the building envelope analysis in early May and will probably be scheduled for the presentation to the community by the end of the month. Following the presentation, the Board will post the design renderings in a location convenient for all homeowners and will ask for feedback regarding siding preferences and any suggested envelope design changes. Copies of SBSA's report will also be available upon request. After a reasonable amount of time (probably 2-3 weeks), the Board will convene to consider homeowner feedback and choose a siding option.

Once the choice has been made, the Board will solicit SBSA's assistance in choosing two or three well-qualified contractors to submit preliminary bids for conducting this building envelope project. These bids will include:

- Removing the existing siding and trim from the buildings and all privacy fences and disposing of the materials,
- Repairing any structural damage including wing walls, privacy fences, drainage pipes, framing, etc.,
- Replacing damaged insulation and/or sheathing,
- Installing a water-proof barrier (such as TyVek) around all structures,
- Working with elements that may be maintained in some instances (e.g., windows, doors, stairs), and
- Installing the new siding and trim.

SBSA and/or the contractors may also recommend that all original balcony membranes and railings be replaced, and that the remaining front stair units all be re-done concurrent with building envelope replacement. The Board intends to delay replacement of a significant number of front stair units until feedback is received from one or more of the prospective contractors as to the best way to proceed. Repairs to stair units based on safety concerns will proceed in the interim.

Potential Costs

Based on preliminary discussions with SBSA and several contractors, the cost to perform this building envelope project will likely be considerable. Initial estimates range from \$1.2 to \$1.5 million (this is only a rough estimate at this point), and that doesn't include the cost to repair known structural deficiencies with certain wing walls and any unknown structural damage that will be revealed once the existing siding is removed. Currently, we have only about \$225,000 in reserves, which in and of itself, are not adequate for a community of our needs. Therefore, an assessment of a yet to be determined magnitude will be required to fund the total cost of this proposed building envelope replacement project.

If the ongoing envelope evaluation and selection process proceeds as planned, the Board intends to propose final details of the building envelope replacement project together with costs and payment options sometime in early summer, and schedule a community vote on the project shortly after that. If the community approves the project, it is conceivable that work could commence later this summer.

Your Board of Directors

REMINDER: You must submit an Architectural Control or a Landscape application to the management company prior to beginning any work you plan to do on the exterior areas of your property. You must receive in writing approval from the Board for any exterior work. The application must be completed and submitted to the management company two (2) weeks prior to the board meeting at which approval is requested.

BOARD OF DIRECTORS: Toni Larson, President (Unit #9) • John Winston, Vice President (Unit #38) • Nils Holtestaul, Secretary (Unit #27) • Mark Foster, Treasurer (Unit #45) • Bruce Jensen, At Large (Unit #3).

Documents and applications are available at www.weststarmanagement.com