

**Snowbridge Square Redevelopment
Feasibility Study
Copper Mountain Resort, Colorado**

August 20 2007
FILE:snowbridgeproposal_2007

Snowbridge Square Homeowners Assn.
% Mr. Paul Mulae
4130 Russet Way
Northbrook, IL 60062

Dear Mr. Mulae:

**RE: Proposal for Consulting Services
Snowbridge Square Redevelopment Feasibility Study
Copper Mountain Resort, Colorado**

Thank you for the opportunity to submit a consulting proposal for planning services on the above project. The following provides an outline of our anticipated scope of work and estimated consulting fees associated with the various work tasks described.

The purpose of this project is to evaluate the feasibility of razing the existing Snowbridge Square Condominiums and replacing the 18 condominiums and roughly 24,000 square feet of retail space. In addition, the feasibility study will examine alternatives and incentives for adding up to an additional 18 condominiums and some increment of retail space.

1.0 SCOPE OF WORK

Based on our understanding of the project requirements, our team anticipates the following scope of work and associated fees:

1.1 SNOWBRIDGE SQUARE SITE ANALYSES

1. Collect/prepare a site plan of the existing Snowbridge Square property. Confirm existing base information related to legal, topographic, site access, site servicing, wetlands and other characteristics of the property that affect development of the property;
2. Review development standards of the Copper Mountain Planned Unit Development Designation (PUD) related to setbacks, building height, site coverage, parking requirements, landscape requirements, employee housing requirements and similar criteria;
3. Based on the development standards of the PUD as applied to Snowbridge Square property, Stonefield will develop a building prototype that conforms to the building height and mass permitted by the PUD. This building prototype will determine the maximum floor area that can be placed on the Snowbridge Square property.
4. Stonefield will calculate the difference between the floor area of the existing Snowbridge Square building and the maximum floor area that could be placed on the property as determined by the building prototype developed in Task 3.
5. The new floor area determined in Task 4 will be used to calculate the number of new units that could be placed on the Snowbridge Square property over and above the existing 18 units.
6. Replace, in-kind eight exiting employee housing units.
7. Review current market data at Copper Mountain to determine the appropriate mix of one, two and three bedroom units that will be most efficiently absorbed by the real estate market at Copper Mountain.
8. Prepare a preliminary report that summarizes the data collected and analysis completed to date and review with the Snowbridge Square Homeowner's Board.
9. Revise and edit the report, as necessary, after discussion with the Board.

Sub-total Fees	\$ 3,000.00
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1.2 ALTERNATIVES ANALYSIS

This task will examine costs associated with building a new structure and the sales prices of new units that can reasonably be expected at Copper Mountain.

1. Obtain feedback from the property owners the level of finished they will expect in their new unit.
2. Meet with members of the Board and Phil Travis of Travis Construction to determine a reasonable construction cost per square foot based on current construction pricing and the new level of finish desired by the homeowners;
3. Review price per square foot sales at Copper Mountain with a Realtor to be determined;
4. Use construction costs and sales pricing data to determine two alternatives:
 - Break Even Scenario – this scenario will determine the minimum number of new units required for the Snowbridge Square owners to replace their unit and recover all soft costs (architectural fees, engineering fees, legal fees, sales and marketing fees, etc) without any new expenses to the homeowners
 - Small Profit Scenario – this scenario will determine the number of new units required for the homeowners to replace their unit, recover all soft costs and place a small profit in reserves
 - Maximum Profit Scenario – this scenario will determine the maximum number of units that can placed on the Snowbridge Square property with the confines of required building setbacks and heath and mass restrictions of the Copper Mountain PUD.
5. Review the replacement of eight employee housing units and the potential for adding additional employee housing units and the affects to the profit potential of the Homeowners Association (i.e., determine if the sale of deed restricted employee units has a positive or negative effect on profit.*)
6. Prepare a summary report of the findings to submit to the homeowners for review and selection of a preferred alternative.
7. Revise report to reflect preferred alternative and distribute to the homeowners.

Sub-total Fees

\$ 3,500.00

* Employee units are “free” density. This means these the Homeowners Association would not have to pay for density transfers or any other assessments for these units. However, the price of market units may have to be increased to subsidize the price of affordable units to keep them affordable for local employees.

1.3 ECONOMIC ANALYSIS

This component is an assessment of real estate market at Copper Mountain as well as the economic implications for the Homeowners Association’s assets during the redevelopment of Snowbridge Square.

1. Examine the costs, financing, interest and other economic implications of holding the Homeowners assets in trust during the redevelopment of Snowbridge Square.
2. Prepare an overview of the Copper Mountain real estate market including absorption rates of new and old units; sales prices of new and old units; and a review of market comparables.
3. Prepare recommendations for sales prices of the new units at Snowbridge Square.
4. Prepare pro forma analysis on each of the three scenarios in Task 1.2 above.
5. Summarize the economic data in report format for homeowners review.

Sub-total Fees **\$ 10,000.00**

1.4 ARCHITECTURAL CONSULTING

This is an allowance to cover the costs of an architect should sketches of exterior building elevations be desired or to discuss materials, interior finishes, structural issues or other issues related to the design of the new building.

Sub-total Fees **\$ 5,000.00**

1.5 IMPEMETATION STRATEGY

The preferred alternative selected by the Homeowner’s Association will determine the number of new units that will be requested in an amendment of the Copper Mountain PUD. The following tasks will review potential sources of this density and associated costs:

- 6. Section A.5 of the Copper Mountain PUD permits a 20% density bonus as an incentive for buildings less than 50 units to redevelop and conform to the current architectural standards at Copper Mountain. This density bonus would permit Snowbridge Square to add 3.6 units to the building without obtaining new density.
- 7. Evaluate potential sources of new density (above 3.6 units) from Intrawest (Fortress Capital), Summit County Government or backcountry land purchase.
- 8. Determine costs to purchase new density.
- 9. Review various alternatives with the Board and prepare a proposal to discuss with Summit County Planning Department staff.
- 10. Review PUD amendment process and the process of density transfers to Snowbridge Square. Outline approximate timeline to negotiate the public review process with the Ten Mile Planning Commission and the Summit County Board of Commissioners.

Sub-total Fees	\$ 3,000.00
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1.5 FINAL REPORT

The final report will be summary of all findings and recommendations to date. In addition, this report will provide additional financial information necessary for the Board to make the decision to stop the project. The final report will contain the following:

- 1. A summary of the applicable sections of the Copper Mountain PUD that affect the development/redevelopment of the Snowbridge Square property.



2. Data related to the new building prototype including floor area and unit analysis.
3. A summary of the alternatives analysis and a description of the preferred alternative selected by the Board.
4. A summary of the transfer of development rights, public hearing process and other government reviews necessary to obtain a building permit.
5. Proposals for scope of services and estimated fees for the following:
 - Architectural design
 - Civil engineering services
 - Land planning and landscape architectural services
 - Legal services
 - Construction cost estimation and value engineering
6. If the Board wishes, an estimate for the costs of setting up the holding company or other entity that will protect the assets of the Homeowner's Association during the construction of the new building.

Sub-total Fees	\$3,000.00
Total Upset Fee	\$27,500.00

2.0 FEES & DISBURSEMENTS

2.1 HOURLY RATES

The above scope of service will be performed on an hourly basis not to exceed the upset fee indicated of \$27,500.00. The hourly rates for personnel assigned to this project are as follows:

Mr. Joe Miotto	Principal / Project Manager	\$185.00/hr.
Mr. Dan Vaughn	Senior Land Planner	\$135.00/hr.
Mr. Doug Philp	Planning / 3D Visual Technician	\$100.00/hr.
Office Admin. Staff		\$ 50.00/hr.

2.2 DISBURSEMENTS

In addition to the fees, the consultants will invoice for disbursements at cost. Disbursements will include air fare, car rentals, accommodation, long distance



phone calls, printing, copying, facsimile, photography and courier costs. These costs are estimated at \$850.00

3.0 EXCLUSIONS TO THE SCOPE OF SERVICE

The above scope of work and associated fees do not include provisions for the following:

1. The above scope of work does not include provisions for sub-consultants other than coordination with consultants engaged separately by Client ;
2. The above scope of work does not include provisions for services related to construction documentation or land use approvals;
3. The scope of work does not include provisions for architectural design services. These services can be provided under separate contract once the architectural program has been more clearly defined.

4.0 INFORMATION SUPPLIED BY OTHERS

Stonefield cannot assume responsibility for the accuracy of information or services supplied by others i.e., survey information, wetlands mapping, existing utilities etc., and shall not be liable for errors or omissions therein.

5.0 PROGRESS PAYMENTS

Stonefield shall submit monthly invoices based on the previously specified terms in Section 3.0 reflecting actual time spent in completing tasks outlined. Payment is due immediately upon receipt of invoice.

6.0 OWNERSHIP OF DOCUMENTS

All original documents and other graphic materials as instruments of service shall remain the property of Stonefield Development Consultants and shall be copywrittten by Stonefield. If the Client requires electronic copies or hard copies of any files, these shall be provided as required at the Client's expense.

7.0 ACCEPTANCE OF PROPOSAL

If you wish to proceed as specified in this proposal, please sign one copy of this letter and return with a \$2,500 retainer, which will be applied to our final billing.

To indicate your acceptance of this proposal, please sign the original and return a copy to our office. Thank you.

Client

Date