

Stephen Lloyd Wood
President
Beaver Bench Condominium Owners Association
PO Box 934, Avon, CO, 81620

Feb. 25, 2008

To: Members of the Beaver Bench Condominiums Owners Association
CC: Shawn Primmer, Silver Eagle Management; Sara Fahrney, Vail Tax & Accounting

Greetings fellow Beaver Bench Owners,

I hope this annual mailing finds you well. For your records, I include:

- Official notice of our upcoming Annual Owners Meeting, which in accordance with our governing documents is scheduled for 1 p.m., March 8, 2008, in the large conference room of the Avon Public Library.
- Your Proxy Form — Should you not be able to attend, please follow the instructions for making sure your vote is counted at the Annual Meeting.
- An Ownership Information By Unit form — Please complete this and mail it to Vail Tax & Accounting, or include it with your next dues payment.
- Copies of seven (7) Resolutions the Board of Directors adopted on Jan. 31, 2008.
- Financial Statements for 2007, along with two graphs.
- A current Association Contact Sheet.

Since Aug. 14 of last year, when I was appointed President, there have been some very positive developments at the Beaver Bench. Most recently, the Board of Directors approved seven (7) resolutions drafted especially for the Beaver Bench Condominium Owners Association that bring us into compliance with Colorado Senate Bill 05-100, approved by the Legislature in 2005 and adopted as state law on Jan. 1, 2006. As your President, I find these Resolutions to be a welcome set of guidelines for how to run a modern-day homeowners association and address issues our founding Officers did not foresee in 1977.

Especially valuable to the Association is the resolution regarding Policy and Procedures for Collection of Unpaid Assessments. The Association is now following these clear guidelines for minimizing loss of revenue from overdue assessment payments, including the right to charge monthly late fees of \$50 and an annual interest rate of 18 percent on accruing overdue balances — as well as take legal action, such as turning delinquent accounts over to an attorney's office, fees for which are the responsibility of the delinquent Owner(s).

Also very useful is the resolution adopting Procedures for the Conduct of Meetings. I encourage all Members of the Association to read and understand these procedures — especially Sections 1(b) and 2(a), which call for “comments relevant to the purpose of the meeting” to be offered in a “civilized manner” — before attending Owners or Directors meetings.

Another recent, positive development at the Beaver Bench — thanks to the efforts of Secretary Ramie Macioce — has been a soon-to-be-launched Web site for the Association, its members and the public at large. Upon approval by the Board, the site will provide online access to our governing documents, meeting notices and minutes and other useful information about, and for, the Beaver Bench community.

I wish I could say all recent developments at the Beaver Bench have been positive. As Shawn and I reported last year, realistically there was no official business conducted by a Board of Directors on behalf of the Association between March 2004 and August 2007, when the current Board was formed, and our resulting financial position is somewhat gloomy. I recently asked our new Treasurer, Beth Wilkinson, a former President of the Association, to prepare an analysis of our financial position over the past four years, and she produced two graphs to accompany our latest financial statements:

- Beaver Bench Financial Position, which clearly illustrates the declining state of our year-end Total Assets from more than \$80K in 2004 to less than \$64K in 2007.
- Beaver Creek Association Net Income, which clearly illustrates deficit spending, from \$492 in 2004 to nearly \$8K in 2006. The situation improved slightly in 2007, when the current Board was formed.

Ms. Wilkinson also offered the following in her 2008 Treasurer's report to the Board:
"Beaver Bench's financial position has declined over the past four years as we have been spending more money each year than we have had coming in. In 2006 alone, we spent \$8K more than was assessed in Owners' dues. Although it is a challenge working with a restrictive Budget in managing our Association business effectively, it is necessary. "Our Associations' continued over-expenditure certainly would lead to increased dues and special assessments for all capital improvements. Knowing that expenses for water, sewer and insurance will continue to rise and that certain repairs and maintenance need attention, increased dues may be unavoidable in the very near future. "I believe our current Board recognizes this situation and has incorporated maximum operating efficiencies wherever possible, including scrutinizing all expenses, as well as complying with the mandatory adoption of Colorado Senate Bill 05-100, which provides clearer protection for our Association in more aggressive collections on delinquent accounts, including liens and not falling short of foreclosures, if necessary. On January 31, 2008, for example, we had 10 Owners with unpaid dues totaling more than \$12K. "It is unlikely the above efforts will re-pave our parking lot, build real drainage containment, reestablish our shed or replace shifting concrete steps. In my opinion, these projects will likely require special assessments. "My recommendation is we prepare 10-year maintenance and capital improvement schedules and stick to them. We should try to finance necessary maintenance with revenues from our regular assessments; and we must plan to special-assess for capital improvement. For example, if we see rebuilding our storage shed as a priority, we should plan to special-assess the estimated cost, about \$15K, in April to support completion of this project for this year."

Indeed, with new Resolutions bringing us into compliance with Colorado SB 05-100 — and the new, more aggressive guidelines and protections they provide for enforcing

collections of delinquent assessment payments — the Board recently notified several Owners behind on their payments they face legal action, and possible foreclosure, if they remain delinquent. It's just not fair to the other Members of the Association, who continue to bare the costs of our common expenses.

It should be noted, too, that Owners delinquent in their dues payments cannot vote, nor be recognized, at meetings; nor are their proxies valid.

As President of the Association, I want to assure you the Board will be addressing other important items of business this year, including:

- Parking — Many of you have expressed concern about vehicles in our parking lot that are not moved on a regular basis in the winter (inhibiting proper snow removal), do not belong to Residents of the Beaver Bench and/or appear to be abandoned. The Town of Avon, meanwhile — with the Riverfront Express Gondola now in full operation and the new Westin Riverfront Resort & Spa nearing completion — has notified us it soon will be enforcing new parking regulations throughout the municipality that will require increased supervision of parking at the Beaver Bench. If anything, the Association may need to reestablish the parking pass program that was in place in 2004.
- Rules & Regulations — Since 2004, there seems to have been a total abandonment of the Rules and Regulations previously adopted by Board and the Association at large.

I encourage your participation in helping me and the other members of our Board of Directors manage the affairs of the Beaver Bench Condominium Owners Association. Again, if you cannot attend the Annual Owners Meeting on March 8, please offer your proxy to someone who can attend, and vote, on your behalf. Of course, I gladly will accept proxies in my name, and I highly recommend my fellow Board Members and our Property Manager.

Lastly, if you have comments on and/or suggestions for how the Board can better manage our Association's affairs, please contact us PO Box 934, Avon CO, 81620. For matters regarding management and maintenance of the Property, please contact Mr. Primmer by phone at 970-926-2746 or by fax at 970-926-1305.

Yours in keeping the Beaver Bench a great place to live, as well as a great investment.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Wood". The signature is fluid and cursive, with the first name "Stephen" and last name "Wood" clearly distinguishable.

Stephen Wood
President, Beaver Bench Condominium Owners Association