

Stephen Wood
President
Beaver Bench Condominium Owners Association
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Feb. 27, 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,

On behalf of the Board of Directors, I hope this annual mailing finds you well. I include:

- Official notice of our upcoming Annual Owners Meeting, which in accordance with our governing documents is scheduled for 4 p.m. Saturday, March 14, 2009, in the Town Council Chambers at Avon Town Hall.
- 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, so we can keep our files up to date.
- Financial Statements for 2008, along with two graphs.
- A current Association Contact Sheet.

On the up side

It is with great satisfaction I inform you that, since this time last year, there have been some very positive developments at the Beaver Bench. I begin with the Association's overall financial status. As the accompanying charts and financial statements provided by Treasurer Beth Wilkinson demonstrate, total current assets, which had been in steady decline, increased 26 percent in 2008 and now exceed what they were in 2004. And, after four years of deficit spending, the Association spent less money than it brought in 2008, resulting in a positive net income of \$961.

I believe this financial turnaround is due largely to conservative spending practices by our Board and prudent decisions by Property Manager Shawn Primmer.

Another positive development is the launch of the Association's Web site — www.beaverbench.com — thanks to the efforts of Board Member at Large Ramie Macioce. For use by its Members, the local real estate community and the general public, the site provides online access to our governing documents, meeting notices and minutes and other useful information about, and for, the Beaver Bench community.

I also would like to mention our parking program, reinstated last summer and enforced by our Property Manager. The program requires Residents of the Beaver Bench to display registered parking passes — maximum two per Unit — on all vehicles parked in our parking lot. Vehicles not displaying a Beaver Bench parking pass are booted and/or towed at the owner's expense; lost passes cost \$50 to replace. The program, which has reduced the number of complaints about parking tremendously, will remain in effect for the foreseeable future.

On our Reserves

I wish I could say all developments at the Beaver Bench have been positive. Unfortunately, despite the financial turnaround mentioned above, the Association's overall financial situation remains far from "ideal." Having identified several important capital improvement projects — but faced with delaying them due to lack of adequate finances — the Board sought professional

advice, commissioning a Reserve Study by Castle Rock-based Aspen Reserve Specialties to analyze the physical condition of the Property, as well as the condition of and Association's finances. As expected, the study reserves to be only 10 percent of what the company considers "ideal." In order to bring reserves to an acceptable level over a three-year period, the company recommends several steps be taken by the Board, including special assessments to all Owners, as well as immediate and subsequent annual increases in dues payments.

The Board is now faced with deciding just what percentage of "ideal" should be a goal for the Association to strive for and how a financial plan can be implemented to achieve that goal. In light of the recent economic conditions, and rising costs on all fronts, the decision is not an easy one, and I foresee it being the Board's greatest challenge this year.

On overdue assessments

Another matter of concern to all Members of our Association is overdue Owner assessment payments. The Board's efforts early last year to collect delinquent payments — which included increasing fines and late fees and turning delinquent accounts over to an attorney — reduced the number of seriously delinquent accounts from seven to three, as of May 22. As of Jan. 30 of this year, however, the total of those three delinquent accounts has grown to nearly \$12,400 — money that otherwise could be used to help pay the Association's common expenses.

As the rest of you must agree, this is just not fair to the other Members of our Association, who continue to bare the costs of our common expenses, and the Board is considering further legal actions, including foreclosure proceedings. It should be noted, too, that Owners delinquent in their dues payments cannot vote, nor be recognized, at meetings; nor are their proxies valid.

On March 14

As president of the Beaver Bench Condominium Owners Association, I encourage your participation in our upcoming Annual Meeting, which I will conduct in accordance with our adopted Procedures for the Conduct of Meetings that call for "comments relevant to the purpose of the meeting" be offered in a "civilized manner." If you cannot attend the meeting, please offer your proxy to someone who can, so they can vote on your behalf. Of course, I gladly will accept proxies in my name, and I highly recommend my fellow Board Members, as well as Mr. Primmer, our Property Manager. Proxies mailed to the Association's address, above, must be received by March 13.

Lastly, if you have comments and/or suggestions for how the Board can better manage our Association's affairs, please drop us a letter. 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