



May 18, 2006

Dear Vail Townhouse Homeowners:

The Board of Directors met on April 17<sup>th</sup> and again on May 15<sup>th</sup> to discuss the progress and costs related to the special assessment made in 2005. The cost to complete the parking lot upgrades to our electrical and water common elements should finally be completed in June. We have put in an underground drainage system for roof water and ground drainage. We have also added a common electrical panel for operating heat tapes on the building roofs under one account. We have also added irrigation water lines and electrical lines to operate a lawn and planter box sprinkler system. These upgrades necessitated the tear out of the parking lot. It is now scheduled to be paved in mid June along with new parking bollards and chains. The parking lot will also drain better than it did previously because of a new concrete drain pan being installed by the Town of Vail in front of our property and the engineered drainage plan done by LKP Engineering to alleviate low sections of parking and remove roof drainage in to the parking lot. All of these improvements will benefit the entire membership for years to come.

Due to unforeseen additional costs a second special assessment was passed by the Board of Directors on May 15, 2006. The total cost of the special assessment to complete the work this year is \$30,000. The major components of this cost are the parking lot, (\$23,000); lingering bills from the electrical and plumbing costs from 2005 (\$3,135) and the addition of flood insurance to our master policy, (\$2,300). Your pro-rata share of these expenses will be sent out with your June statement.

Sincerely,

Dale Bugby, President/GM  
Vail Resort Rentals, Inc.  
[www.vailresortrentals.com](http://www.vailresortrentals.com)  
800.456.VAIL (8245)  
970.476.0906 (intl)  
970.476.5026 (fax)

Vail Townhouses Condo Assoc.  
 c/o Vistar Real Estate, Inc.  
 635 N. Frontage Road, #1  
 Vail CO 81657

IN DOLLARS	<i>2005</i>		<i>2005</i>		<i>2005</i>	
	ACTUAL	BUDGET	VARIANCES	DOLLARS	PERCENT	
	01/01/05	01/01/05				
	TO 12/31/05	TO 12/31/05				
INCOME						
INCOME						
5000 Association Dues	55534.26	45000.00	10534.26	23.41		
5100 Interest	193.30	360.00	-166.70	-46.31		
5200 Miscellaneous	2161.52	0.00	2161.52	**.**		
5300 Special Assessment	75000.00	0.00	75000.00	**.**		
	-----	-----	-----	-----		
INCOME	TOTAL 132889.08	45360.00	87529.08	192.97		
	-----	-----	-----	-----		
GROSS PROFIT (LOSS)	132889.08	45360.00	87529.08	192.97		
	=====	=====	=====	=====		
EXPENSES						
EXPENSES						
4000 Accounting	250.00	450.00	200.00	44.44		
4050 Bank Fees	12.00	24.00	12.00	50.00		
4100 Electric - Commons	1338.34	600.00	-738.34	-123.06		
4200 Insurance	8745.00	7000.00	-1745.00	-24.93		
4250 Landscaping - Commons	2144.31	9000.00	6855.69	76.17		
4300 Legal Fees	24746.70	4200.00	-20546.70	-489.21		
4350 Maintenance - Grounds	35197.63	6000.00	-29197.63	-486.63		
4400 Maintenance - Buildings	25648.31	2400.00	-23248.31	-968.68		
4450 Management Fees	5200.00	4200.00	-1000.00	-23.81		
4500 Miscellaneous	9630.48	600.00	-9030.48	-1505.08		
4550 Office Expense	2579.97	240.00	-2339.97	-974.99		
4600 Snow Removal	943.79	3000.00	2056.21	68.54		
4650 Trash	0.00	1800.00	1800.00	100.00		
4700 Water & Sewer	784.00	0.00	-784.00	**.**		
	-----	-----	-----	-----		
EXPENSES	TOTAL 117220.53	39514.00	-77706.53	-196.66		
	-----	-----	-----	-----		
NET PROFIT (LOSS)	15668.55	5846.00	9822.55	168.02		
	=====	=====	=====	=====		

## **Vail Townhouses Condominium Association Budget Variances as of 12/31/05**

**Association Dues**      The dues are \$10,534.26 above normal due to the invoices to 3 units for unpaid property taxes. We were unable to record a new map without paying off the county taxes on 3 units of \$9,443.59. We have invoiced the 3 units and have been paid on all three.

**Miscellaneous Income**      The \$2161.42 is finance charges on past due Assessments.

**Special Assessment**      The \$75,000 special assessment was not originally budgeted.

**Electric Commons**      Common electric for new heat tapes on the entire building are \$738.34 over budget due to construction use.

**Insurance**      Premium costs are \$1745.00 above estimated rise in cost.

**Landscaping**      Landscaping positive variance of \$6855.69 is due to less activity to maintain the grounds during construction.

**Legal Fees**      The legal costs to make revisions to the DEC, get approvals on the DEC, meet with Pan Eagle, record the DEC, get opinions on Pan Eagle legal matters has pushed this variance of a negative \$20,546.70 to the point it has broken our budget.

**Maintenance Grounds**      The negative variance of \$29197.63 is part of the special assessment costs. Bills so far include the civil engineering, electrical materials, part of the installation of the electrical panel and part of the landscaping water lines. The surveyor elevation costs from earlier this year have been re-classified here too.

**Maintenance Buildings**      The cost to install a new house electrical meter on lot 1 is \$3700 of this negative variance of \$23,248.31. Turner Roofing bills for added heat tape of \$2692, Shaw Electric of \$3299 for installing power as part of the special assessment, \$7911 to Ground Control for excavation, Shaw Electric of \$1995 for additional power work, and \$3354 again to Shaw for power work to the new meters.

**Miscellaneous**      The negative variance here of \$9030.48 is due to the payment of property taxes on the recording of the new map of approximately \$10k. The variance of \$10k is offset by the positive variance on dues billings to recoup the taxes.

**Office Expense**      The negative variance is fedex costs on 1<sup>st</sup> right notices and teleconference bills for Board meetings.

**Snow Removal**      The positive variance of \$2179.96 is due to less labor costs than anticipated during the 2005 billing cycle.

Trash                      The positive variance is due to no billing from Mill Creek. I talked to the new manager and they still have not sent me a bill.

Water and Sewer        There was no budget for a house meter or water cost. This is part of the special assessment for the cost of a house meter that has been installed in unit 4A mechanical room.

SUMMARY                We were \$87,529 over in income for 2005. We were \$77,706.53 over in expenses due to the special assessment costs on construction. Net profit was ahead of projections due to the incomplete construction.



## **Vail Townhouses Condominium Association Budget Variances as of 4/30/06**

Association Dues      There is a negative variance due to waiver of late fees from prior periods in 2005.

Miscellaneous Income      The \$1439.04 is finance charges on past due Assessments.

Insurance      Premium costs are not fully paid for the year and flood insurance was added to the cost and not originally budgeted.

Landscaping      Landscaping positive variance of \$1000.00 is due to no activity yet.

Maintenance Grounds      The negative variance of \$3135.65 is due to construction costs on the special assessment. Ground work is budgeted later in the year to offset this.

Maintenance Buildings      Special assessment bills are still coming in from 2005 which caused this variance.

Snow Removal      The negative variance of \$1015.17 is due to abnormal snowfall early in the year.

Trash      The positive variance is due to no billing from Mill Creek. I talked to the new manager and they still have not sent me a bill.

SUMMARY      We are basically on budget YTD with the exception of lingering special assessment costs still coming in. The \$2,411.30 negative net profit will get worse as the final paving costs will now arrive in 2006. A special assessment is warranted to complete the paving, and pay for flood insurance.

Vail Townhouses Condo Assoc.  
 c/o Vistar Real Estate, Inc.  
 635 N. Frontage Road, #1  
 Vail CO 81657

IN DOLLARS	2006 YTD		FULL YEAR 2006		VARIANCES	
	ACTUAL		BUDGET		DOLLARS	PERCENT
	01/01/06 TO 04/30/06		01/01/06 TO 12/31/06			
INCOME						
INCOME						
5000 Association Dues	42133.30		45000.00		-2866.70	-6.37
5100 Interest	56.40		240.00		-183.60	-76.50
5200 Miscellaneous	1439.04		0.00		1439.04	**.**
	-----		-----		-----	-----
INCOME TOTAL	43628.74		45240.00		-1611.26	-3.56
	-----		-----		-----	-----
GROSS PROFIT (LOSS)	43628.74		45240.00		-1611.26	-3.56
	=====		=====		=====	=====
EXPENSES						
EXPENSES						
4000 Accounting	600.00		450.00		-150.00	-33.33
4050 Bank Fees	0.00		24.00		24.00	100.00
4100 Electric - Commons	694.79		600.00		-94.79	-15.80
4200 Insurance	6397.00		8592.00		2195.00	25.55
4250 Landscaping - Commons	0.00		6000.00		6000.00	100.00
4300 Legal Fees	185.00		4200.00		4015.00	95.60
4350 Maintenance - Grounds	3135.65		3000.00		-135.65	-4.52
4400 Maintenance - Buildings	2623.43		3600.00		976.57	27.13
4450 Management Fees	1050.00		4200.00		3150.00	75.00
4500 Miscellaneous	0.00		600.00		600.00	100.00
4550 Office Expense	589.00		2400.00		1811.00	75.46
4600 Snow Removal	3015.17		3000.00		-15.17	-0.51
4650 Trash	0.00		1800.00		1800.00	100.00
4700 Water & Sewer	0.00		515.00		515.00	100.00
	-----		-----		-----	-----
EXPENSES TOTAL	18290.04		38981.00		20690.96	53.08
	-----		-----		-----	-----
NET PROFIT (LOSS)	25338.70		6259.00		19079.70	304.84
	=====		=====		=====	=====

\* THIS REPORT COMPARES A PARTIAL YEAR ACTUALS TO FULL YEAR BUDGET.

Construction costs 2005.xls

Project	Bid 2	Actual
Site elevations by surveyor for civil engineer use	\$2,000	\$1,978.37
Drainage and utility plan by civil engineer	\$3,000	\$3,450.00
Trenching for common utilities and parking drainage	\$11,770	\$9,098.57
Lay new conduits in trench (electrical for 3,4,5,6; drainage, irrigation, heat tapes)	\$2,000	\$1,626.09
Finish irrigation lines and conduits		\$1,643.79
Electrician to connect new power from transformer through trench	\$2,000	\$11,642.19
Electrician to move electrical panel to Lot 2		\$3,759.59
Plumbing line for new house water meter for landscape irrigation	\$3,000	\$3,269.88
House meter final billing from Haynes plumbing		\$3,200.00
Pave parking in 2005 with temporary asphalt	\$0	\$9,146.73
Pave parking in 2006 to drainage plan	\$23,138	\$23,762.00
New parking posts	\$1,350	\$1,923.37
Reset new parking posts	\$3,000	\$0.00
Legal fees over budget	\$25,000	\$24,972.70
Assessment needed		
Special Assessment passed on 6/29/05		
Vistar Management Fee total mark up on supervision		
	<b>\$75,000</b>	