

MEMORANDUM

TO: C&O Club Association

FROM: Board of Directors

RE: Currier Contract

DATE: December 5, 2008

This is to give you a quick update on action we (actually Ron Czar) have taken to save some money.

The Association has a contract with Currier Lawn Maintenance for lawn and grounds maintenance, including snow removal. The contract was negotiated with a fixed monthly base price of \$3149.75, plus a fuel surcharge of \$3.00 per gallon resulting from the spike in gas prices last year.

As a result of the decline in gas prices, however, there has been something of a windfall to Currier this year (2008) in the neighborhood of \$4,200.

Ron Czar has concluded a negotiation with Vince and Kim as follows:

- The Curriers have agreed to split evenly with us the approximately \$4200.00 (rounded) in the 2008 windfall fuel expense savings, to be reflected by means of an aggregate \$2,100 adjustment to the base contract price in the 2009. This permits the Association to recoup its agreed share of the windfall from 2008 by adjustment to the base monthly charge during the remaining term of the contract from \$3149.75 each month to \$2,976.10, or approximately \$173 per month. In addition, the previously agreed \$3.00 per gallon fuel surcharge will be reduced to \$2.00 per gallon beginning in January 2009, and continuing through the remainder of the term.
- The present contract will be extended for a fixed term of two additional years (to expire on December 31, 2011), with an option on the part of Currier to extend it three additional years (to December 31, 2013) at the same fixed monthly base price of \$2,976.10 plus a \$2.00 per gallon fuel surcharge.

The net result is to save each unit approximately \$58 next year by the return of the \$2,100 in the form of a discount, and to lock the lower pricing in for up to five years. The only downside to the Association would be if the price of gas were to fall from its present level, something we don't expect. Just on fuel savings from the present rate, there is a \$10,500 benefit to the Association over five years.

Best for the holidays!