

THE ENCLAVE ASSOCIATION, INC. - Draft

**BOARD OF DIRECTORS MEETING
October 7, 2016**

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 9:30 AM MT on October 7, 2016. Mr. Blumenthal, Stuart Kaufman, Lonnie Klein, John Henderson, and Oscar Novo were in attendance via conference phone. SLC/Wyndham staff members Mike George, Kevin Mize, Bill Anderson, and Joe Zuena were also present at the Enclave or by phone.

II. Reading and Approval of Minutes

A. Approval of Minutes - Board meeting of September 24, 2015

The minutes of the prior budget meeting are posted on the website. Mr. Novo made a motion to waive the reading of the minutes of the September 24, 2015, Board meeting. Mr. Klein seconded, and the motion passed. Mr. Blumenthal made a motion to approve the minutes of the meeting of the Board held on September 24, 2015, and Mr. Novo seconded. The motion passed.

III. Report of the Officers

A. State of the Property / Grounds

1. Completed projects

Completed arrival center exterior painting and band board additions
Assisted in develop and renovation planning and support
Assisted in Resort Internet service and equipment upgrade
Replaced lobby PC
Had boilers inspected
Completed decks and walkways repair/replacement project
Replaced some fire sprinkler system heads
Repaired spa leak
Repaired unit carpeting from plumbing leak
Repaired multiple problems with the snowmelt boiler
Repaired the common washers and dryers
Repaired crawl space plumbing leaks
Repaired electrical issues at pool mechanical room
Repaired multiple plumbing failures
Replaced failed window panes
Replaced emergency lighting
Completed Retaining wall engineering study
Repaired the fire panel on multiple occasions
Purchased a thermal camera to assist with locating leaks under hardscape
Replaced pool room mechanical equipment
Recalced pool joints

- Repaired pump seals
- Replaced boiler high limit switch
- Repaired pool auto-fill switch
- Repaired pool recirculation leak
- Replaced backflow
- Replaced impeller in pool/spa system
- Replaced pool sweep
- Had roof shoveling crew clear snows this past winter

2. Projects proposed or in process to be completed this fall/early winter

- Assist in Comcast HD service and equipment upgrade
- Assist with project related leak repairs and owner communications
- Seal pool deck and other flat hardscape
- Paint/stain inside of deck fascia boards and leading deck soffit boards
- Paint/stain new, smaller, Comcast lock boxes
- Paint new electrical conduit to match adjacent siding
- Replace elevators
- Complete roof and siding project
- Replace ski locker doors and hardware

IV. Discussion of Officers whose terms are up this year

Mr. Blumenthal noted that Mr. Kaufman and Mr. Novo complete their term as Board members this fiscal year. Mr. Blumenthal requested that management notify the entire membership of the up-coming board election in January 2017 via email and request that all interested candidates submit their biographies, qualifications, and any statement they wish to make at least one month prior to the annual meeting for distribution to the entire membership in advance of the annual meeting. Mr. Kaufman indicated that he plans to run for re-election. Mr. Novo indicated that he plans to run for re-election.

V. Old Business

A. Enclave Renovation/Redevelop Project Update

Mr. Blumenthal advised that the architect and the attorney expect to submit a formal application to the Town of Snowmass Village by mid-October after which meetings will be set for review and approval by the Planning Commission and Town Council.

B. Financial Review 2015-2016, Unaudited

Management forecasts that the Association will finish the year under budget by \$16,225.

Mr. Blumenthal made a motion to retain the actual remainder of any cumulative Operating Fund surplus within the Operating Fund after calculations, subject to any year-end adjustments or external auditor review. Mr. Novo seconded, and the motion passed.

Balance Sheet – Owners are current, except for two owners with small incidental balances. Final built in dormer invoices were issued in September and October.

Management recommends that the Board approve transferring at fiscal year end the net credit in the Reserve Fund for the Miscellaneous line item, currently \$211.57, to the Pool Boiler Pump Replacement line item, as the auditors recommend no Miscellaneous line item balance be retained in the Reserve Fund. The credit is created by Interest Income on Reserve Fund bank account balances and will be amended to show any further September entries that are needed to complete the accounting for the fiscal year. Mr. Klein made a motion to approve this recommendation. Mr. Novo seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2015, the Operating Fund had borrowed \$102,389 from the Reserve Fund. Mr. Klein made a motion to approve the inter-fund loan. Mr. Klein seconded, and the motion was approved.

Mr. Blumenthal made a motion to accrue any unused amount remaining in the Paint and Stain – Deferral line item at fiscal year-end to the Reserve Fund Siding/Exterior Surfaces line item for use in future years. Mr. Henderson seconded, and the motion passed.

VI. New Business

A. Budget 2016-2017

Operating and Reserve Funds – Proposals

Management proposes that the fiscal 2016-2017 Reserve Fund budget decrease by \$189,019, as the Crawl Space Assess #1 was completed in fiscal 2015-2016. The Reserve Fund assessment will include the final year recovery of costs for the the Walkways and Balconies (Special Assessment #2), and allocation year two of three for Development & Entitlement and Renovation Soft Costs (Special Assessment #3). Management proposes that the assessments decrease by \$116,393 or 12%.

Non-assessment Revenue lines are budgeted to decline, as we expect fewer owner assessment delinquencies and therefore lower interest income collections.

The General and Administrative Category is budgeted to decrease by \$2,989.

Awaiting appraisal update results - At \$28,932,504 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$465 per sq. foot, based upon exterior square footages, and including the carports and the arrival center building. The insurance agent recommends a 5.0% increase for premium inflation, and he also recommends that the association consider increasing replacement coverage valuation by an additional 3.0%. At this time management has proposed no valuation increase, but setting replacement cost is ultimately a Board decision. Management has increased the estimated premium by 5% for expected insurance rate inflation, only. The combined property limit for Enclave, Woodrun Place, and Chamonix is \$93,310,460. Insurance expenses are, therefore, budgeted to increase by \$2,926. After discussion the Board decided to approve of these strategies and will consider an increase in valuation, depending upon the results of an external insurance replacement cost estimate.

Legal costs are proposed to decrease to from \$7,000 to \$3,000, which should leave enough funding for the HOA to undertake a review of possible Americans with Disabilities Act physical

plant needs. Mr. George will send a request to Wyndham Vacation Rental (WVR) corporate staff requesting any information they have regarding this matter. The board also started and then delayed a review of amendment language that would create a personal Guarantor for the payment of obligations of the unit owner to The Enclave Association, Inc. in those cases under which a party owns an Enclave unit in a Limited Liability Company (LLC), irrevocable or revocable trust, limited partnership, or any other entity that may not provide for a personal guarantee of payment for such obligations. After discussion the Board decided to approve of resuming legal work on this strategic process.

Taxes and Assessments, which are the costs of the Enclave assessments for the employee unit, are correspondingly decreased by \$1,747 to match the overall decrease in the budgets.

The Utilities category is budgeted to increase by \$10,741, or 8%. Electricity costs are budgeted to increase by 3% for inflation and an estimated \$1,000 per month for six months of winter heat tape use on the new roofs. Telephone costs are expected to increase by 3.0%. Gas is expected to remain flat, with new equipment efficiencies expected to be offset by energy unit cost inflation, and Water is expected to increase by 10%. Cable costs for services are budgeted flat, as we hope that Comcast will soon complete its cabling and service upgrade project. Management will continue to press owners to complete in-unit re-wiring that is needed, due to the age of the current cabling and its inability to work with the upgraded Comcast service delivery infrastructure. Trash costs are expected to increase by 10%. Volatility in the costs of Utilities continues to make these expenses difficult to predict.

The Repairs & Maintenance Category, exclusive of Special Projects, is proposed to increase by \$5,715, or 2%, over the prior year's category budget.

R&M – SLC - budgeted to return to normal operating levels

Pool Maintenance - budget is reduced by \$10,522 in anticipation that capital investments in HVAC replacements performed in fiscal 2015/2016 will result in the need for few repairs in the budget year.

Groundskeeping – budgeted to return to normal operating levels of the prior year, plus funding for some anticipated repairs to the aging sprinkler system.

Custodial – budgeted to return to normal operating levels of the prior year.

Paint/Stain Deferral – The budget reduced to \$14,000 annually, either planned to be used in the budget year, or to be transferred to the reserve fund for future Paint/Stain/Siding uses, as needed.

Equipment Service Contracts are budgeted to increase by 3% for inflation.

Roof Repairs - budget is maintained at prior year actual to allow for some roof inspections and snow/ice removal. Roof anchor inspections will also be needed semi-annually.

Reserve Fund - Proposals

The Reserve Fund line items, as currently proposed, have updated entries for amounts and

years of expected replacement, per the schedule. The Reserve should result in an increased balance at the end of the budget year from \$388,355 to \$696,887, less the costs of additional Crawl Space work, which is under consideration, the costs of continued Entitlement efforts, and any other unplanned costs that could be charged to this fund. The Arrival Center Reserve Fund is projected to be at \$85,557 by the end of the budget year.

The Decks and Balconies project (for known remedial work to date) is completed. Mr. Blumenthal made a motion to approve of the proposed Special Assessment of \$117,509.16 to pay for the third of three annual installments of the costs of the walkways and balconies project and to concurrently replenish the Reserve Fund. Mr. Kaufman seconded, and the motion passed.

The Renovation & Soft Costs project also is funded by a special assessment. Mr. Blumenthal made a motion to approve of the proposed Special Assessment of \$94,309.66 to pay for the second of three annual installments of these costs and to concurrently replenish the Reserve Fund. Mr. LH seconded, and the motion passed. As Renovation costs have been incurred at sooner than those for Entitlement, management has adjusted allocation of the assessments between the two line items, accordingly.

Mr. Blumenthal made a motion to accept the proposed budget, as presented during the meeting, with regular (including reserve) assessments at \$864,327.98 (and inducement assessments at \$312,000). Mr. Novo seconded, and the motion passed.

Other Items

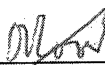
Date of Next Annual Meeting

The annual meeting is to be held on Sunday March 5, 2017, at 3:00 PM MT.

VII. Adjournment

Mr. Blumenthal made a motion to adjourn the meeting, and Mr. Novo seconded. The motion passed, and the meeting was adjourned at 11:09 P.M.

Respectfully submitted,



Oscar Novo, Secretary