

THE ENCLAVE ASSOCIATION, INC.

**BOARD OF DIRECTORS MEETING
September 24, 2015**

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 9:00 AM MT on September 24, 2015. Mr. Blumenthal, Larry Garon, Stuart Kaufman, Lonnie Klein, John Henderson, and Oscar Novo were in attendance via conference phone. SLC staff members Mike George, Dan DiMaria, and John Warner were also present and participated in the meeting at the Enclave. Resort Internet representative, Brian Schultz, joined the start of the meeting for a presentation on Internet upgrade and replacement options.

II. Reading and Approval of Minutes

A. Approval of Minutes - Board meeting of September 29, 2014

Prior to the meeting Mr. Warner sent minutes to the members of the Board. Mr. Novo made a motion to waive the reading of the minutes of the September 29, 2014, Board meeting. Mr. Blumenthal seconded, and the motion passed. Mr. Novo made a motion to approve the minutes of the meeting of the Board held on September 29, 2014, and Mr. Blumenthal seconded. The motion passed.

III. Report of the Officers

A. State of the Property / Grounds

1. Completed projects

- a. Replaced concrete caulking in some driveway areas
- b. Repaired Arrival Center Heat Boiler
- c. Completed remaining overlayment repairs
- d. Completed multiple repairs to snowmelt boiler
- e. Completed multiple plumbing and leak repairs throughout property
- f. Completed roof repairs
- g. Continue to monitor snowmelt leak by east end of property
- h. Monitor Decks and Balconies structural conditions
- i. Continue Decks and Balconies repairs for newly discovered issues
- j. Monitor Crawl Space conditions
- k. Install chain link fences in both elevator rooms to meet code
- l. Complete touch up painting/staining in common areas
- m. Retaining wall monitoring
- n. Limited wall and railing paint/stain section samples
- o. Installed test tread edge detail at east stairwell by units 101-301
- p. Cleared clogged drain lines to 101 and 301
- q. Repaired leak damage from shower control valve
- r. Repaired shared commercial washers and dryers
- s. Repaired fire alarm system
- t. Repaired pool light electrical

- u. Repaired lobby blinds
- v. Replaced pool cover
- w. Repaired spa valves
- x. Repaired spa jet pump
- y. Repaired spa drain
- z. Repaired spa jets
- aa. Replaced spa pump
- bb. Reshaped berm on ski slope for improved Assay Hill access
- cc. Purchased used snowmobile to help grade ski paths
- dd. Installed new flower beds at driveway entrance
- ee. Purchased additional snow stair treads
- ff. Performed roof inspection to obtain opinion on expected remaining life
- gg. Painted large exterior sections of the building in the selected color scheme
- hh. Repaired grey water leak between units 109 and 309 – backed up line

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

- a. Complete arrival center exterior painting and band board additions
- b. Assist in develop and renovation planning and support
- c. Assist in Comcast HD service and equipment upgrade
- d. Assist in Resort Internet service and equipment upgrade, if approved by Board
- e. Seal pool deck and other flat hardscape

IV. Discussion of Officers whose terms are up this year

Mr. Blumenthal noted that Mr. Fisher completes his term as a Board member in January 2016. Mr. Blumenthal requested that management give the entire membership a minimum of ninety days advance notice of the up-coming board election in January 2016 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.

V. Old Business

A. Enclave Expansion/Renovation/Redevelop Concept Plans –

Paint/Stain program – The exterior painting project is almost completed. Band boards at the arrival center and carport remain to be installed. Painting of the arrival center is not yet completed. The budget was \$108,538, and costs to date are \$109,613, with a change order yet to be determined for adding band boards to the east carport driveway wall and the arrival center.

The architect and builder are expected to deliver drawings and plans for the renovation project for HOA and board member review at the January 12, 2016, annual meeting.

The HOA will need to conduct a formal vote of the members on project scope soon after this annual meeting, so that the Architect & GC can then apply for permits on the approved scope.

B. Motion to Approve Reduction in Fiscal 2014-2105 Assessment

Mr. Blumenthal made a motion to approve reducing the fiscal 2014-2015 regular assessments from \$857,482.83 to \$848,425.49 for reductions in Vehicle Rental and Management fees. Vehicle Rental was reduced, because Chamonix and Woodrun Place declined to support adding a 4th transportation van to the fleet, after Enclave approved. The management fee was overstated in the prior budget and has since been corrected. Mr. Novo seconded, and the motion was approved.

Financial Review 2014-2015, Unaudited

Management forecasts that the Association will finish the year over budget by \$3,092. Management proposes reducing the transfer of any unused Painting & Staining – Deferral amount needed to end fiscal 2014-2015 on budget.

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 resulting from auditor review. Mr. Kaufman seconded, and the motion passed.

Balance Sheet – Seven unit owners are delinquent on assessment receivables as of the date of this meeting. All have been contacted and payments are expected in the short term. Management will advise the board of any remaining delinquencies as of October 15, 2015.

Management recommends that the Board approve transferring at fiscal year end the net credit in the Reserve Fund for the Miscellaneous line item, currently \$93.05, 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. Blumenthal 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 2014, the Operating Fund had borrowed \$69,785 from the Reserve Fund. Mr. Blumenthal made a motion to approve the inter-fund loan. Mr. Novo 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, less \$3,092 (to be adjusted to actual deficit at fiscal year-end) to balance the 2014-2015 operating statement to have neither surplus nor deficit, to the Reserve Fund Siding/Exterior Surfaces line item to be used for exterior staining and painting in future years. Mr. Garon seconded, and the motion passed.

VI. New Business

A. Budget 2015-2016

Operating and Reserve Funds – Proposals

Management proposes that the fiscal 2015-2016 Reserve Fund budget increase by \$208,277 to include the recovery of costs for the Crawl Space (Special Assessment #1), the Walkways and

Balconies (Special Assessment #2) , Development & Entitlement Soft Costs (Special Assessment #3), Renovation Soft Costs (Special Assessment #3), and to increase the Elevator funding by \$118,000. Management proposes that the regular assessments increase by \$132,296, or 16%. The operating fund cost component of this increase is \$34,819, or 4%, with the remainder being an increase in the Reserve Funding Elevator line and shifting Renovation & Entitlement Soft Costs to a new 3rd Special Assessment.

Non-assessment Revenue lines are budgeted as flat to prior year projected totals, with a small increase expected for full employee unit occupancy.

The General and Administrative Category is budgeted to increase by \$4,236, or 1%.

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 5.0%. 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 these strategies.

Legal costs are proposed to decrease by \$245 to \$5,000 to pay for anticipated expenses to complete a member-wide voting process for a possible Declaration amendment. The board has initiated 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 this strategy.

Taxes and Assessments, which are the costs of the Enclave assessments for the employee unit, are correspondingly increased by \$1,985 to match the overall percentage increase in the budgets.

Internet support costs are budgeted to increase by 3% for general inflation and age of equipment. Management has prepared two optional improvements to replace the aging Internet system to allow for more capacity, more speed, and more reliable service. Mr. DiMaria introduced Mr. Schultz of Resort Internet to explain the reasoning behind the two proposals and to answer any technical questions from Board members. He noted that the most flexibility comes with an in-room solution using a Motorola T-5 that has white access plates. The Ruckus solution is an alternative that improves the performance and quantity of wireless access points in the common areas, but does not drop a point into each unit. Mr. Blumenthal asked about how the office area gets covered. Mr. Schultz noted that covering the lobby/office area would require an additional point. If a unit is multi-story or particularly large, it may require two points. Mr. Schultz advised that in those cases, which would have to be discovered in the field, there would only be an additional installation fee of \$50, versus an additional recurring monthly fee. Mr. Kaufman asked about whether smart TVS can access the common system via either solution. The answer is yes, but individual owners can then create and expand private networks that can

be much better controlled with much more flexibility via the T-5 solution. Resort Internet can then support and assist in installation of any of these private networks. Mr. Garon made a motion to approve the Motorola T-5 solution for 41 points. Mr. Blumenthal seconded. The anticipated time frame for installation is one week, but the vendor's work schedule is full until at least January. The current system can be left on line while the new system is being installed. After discussion the motion was approved.

The Utilities category is budgeted to increase by \$4,365, or 4%. Electricity and Telephone costs are expected to increase by 3.0%. Gas is expected to increase by 3.5%, and Water is expected to increase by 5%. Cable costs for services are expected to decrease for a new proposal from Comcast, but some internal cabling costs for transitioning to new HD equipment is expected to offset those savings. These cabling costs are not yet known and are dependent upon what Comcast discovers during the transition to higher definition service, when Comcast staff will swap out the equipment and test the signal strength to each TV this fall. Trash costs are expected to increase by 10%. Volatility in the costs of Utilities continues to make these expenses difficult to predict.

The Repairs and Maintenance Category is budgeted to increase by 9%, or \$26,218. SLC proposes changing to two full-time maintenance employees year round from one full-time and one part-time winter employee. The \$18,895 amount added to this line item accounts for an additional 489 hours of work over that projected for fiscal 2014-2015. The aging building continues to require more maintenance support each year. Management staff will continue to assist as needed with maintenance work.

Management deferred on Chimney Cleaning until October of 2015, and the budget reflects that timing.

Paint/Stain Deferral – The budget is set at \$24,000 annually, either planned to be used in the budget year, or to be transferred to the reserve fund for future Paint/Stain uses, as needed. Management expects to show a net cost plus deferral of \$20,908 in fiscal 2014-2015, and to return to funding \$24,000 per year in the budget year.

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

Reserve Fund - Proposals

The Reserve Fund line items, as currently proposed, have some updated entries for amounts and years of expected replacement, per the schedule. The Reserve should result in a decreased balance at the end of the budget year from \$536,219 to \$484,017. The Arrival Center Reserve Fund is projected to be at \$79,892 by the end of the budget year.

The Crawl space project is completed. Mr. Blumenthal made a motion to approve of the proposed Special Assessment of \$70,378.56 to pay for the third of three annual installments of the costs of the crawl space project and to concurrently replenish the Reserve Fund. Mr. Novo seconded, and the motion passed.

The Decks and Balconies project (for known remedial work to date) is completed. Additional work scope to replace part of the balcony for 206, posts on the courtyard side by 204, and to add caulking for all of the backside balconies was completed in fiscal 2014-2015. Mr.

Blumenthal made a motion to approve of the proposed Special Assessment of \$119,515.29 to pay for the second of three annual installments of the costs of the walkways and balconies project and to concurrently replenish the Reserve Fund. Mr. Novo seconded, and the motion passed.

The Renovation & Soft Costs are proposed to be funded by a 3rd special assessment. Mr. Blumenthal made a motion to approve of the proposed Special Assessment of \$94,309.66 to pay for the first of three annual installments of these costs and to concurrently replenish the Reserve Fund. Mr. Novo seconded, and the motion passed.

Mr. Kaufman made a motion to accept the proposed budget, as presented during the meeting, with regular assessments at \$980,721.42 (and inducement assessments at \$312,000). Mr. Novo seconded, and the motion passed.

VII. Other Items


Date of Next Annual Meeting

The annual meeting to be on January 12, 2016, at 2:00 PM MT. The starting time is proposed to be earlier than in past years to allow for anticipated extended discussion of future potential capital improvements. Members are strongly encouraged to attend in person.

VIII. Adjournment

Mr. Garon made a motion to adjourn the meeting, and Mr. Kaufman seconded. The motion passed, and the meeting was adjourned at 11:17 P.M.

Respectfully submitted,



Oscar Novo, Secretary

*= scanned copy #6
= file 5 other pages.*