

**THE ENCLAVE ASSOCIATION, INC.**

**BOARD OF DIRECTORS MEETING**

**October 4, 2011**

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 9:00 A.M. MT on Tuesday, October 4, 2011. In attendance by phone were Board members Mel Blumenthal, Lonnie Klein, Oscar Novo, Glen Fisher, Stu Kaufman, and Larry Garon. SLC staff members Mike George and Joe Porcaro were also present and participated in the meeting at the Enclave.

II. Reading and Approval of Minutes

A. Approval of Minutes - Board meeting of September 30, 2010

Prior to the meeting Mr. Porcaro emailed another copy of the September 30, 2010, minutes to the members of the Board. Mr. Fisher made a motion to waive the reading of the minutes of the September 30, 2010, Board meeting. Mr. Novo seconded, and the motion passed. Mr. Fisher made a motion to approve the minutes of the meeting of the Board held on September 30, 2010, and Mr. Novo seconded. The motion passed.

III. Report of the Officers

A. State of the Property / Grounds

1. Completed projects

- a. Performed siding repairs
- b. Performed annual test and inspection on all fire extinguishers and fire alarm system
- c. Stained and painted courtyard side railing caps and siding sections
- d. Sealed all exposed aggregate walkways and stairs
- e. Re-carpeted elevator cabs
- f. Isolated and repaired pool leaks
- g. Completed shared telephone switch replacement
- h. Performed improvements in En100-New carpet, paint and kitchen appliances
- i. Repaired crawl space drainage
- j. Replaced stairwell emergency lighting where needed
- k. Replaced cracked window in 301 and various window screens throughout building
- l. Repaired various front door locks

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

- a. Pool and Spa boiler replacements, depending upon pricing and design
- b. Consider efficiency improvements for domestic hot water system
- c. Replaster pool bottom
- d. Investigate lock replacement ideas
- e. Replace unit washer lines with metal braided ones
- f. Add plastic weed control mats to the stairs up the center of the building to the ski runs

## B. Trex Decking

The Enclave Association charged a replacement decking (\$336 per deck) entry to the concrete replacement line item of the Reserve Fund during fiscal 2010-2011 for the deck replacement done by unit 110. Mr. Porcaro noted that units 103, 104, 109, and 112 have yet to install Trex decking.

## IV. Discussion of Officers whose terms are up this year

Mr. Blumenthal, Mr. Klein, Mr. Garon, and Dr. Word will complete their terms as Board members in March 2012. Dr. Word does not plan to seek re-election. Mr. Blumenthal requested that management give the entire membership a minimum of ninety days advance notice of the upcoming board election in March 2012 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 Plans – deferred at this time.

B. Financial Review 2010-2011, Unaudited

Management forecasts that the Association will finish the year with an Operating Fund surplus of \$4,446. The cumulative carry-forward surplus, including that from prior years, amounts to \$18,806.

Enclave Staff Incentive - The Board, in a previous year, instituted an incentive program for SLC staff. The Board at its discretion on an annual basis sets the percentage or amount of any Operating Fund surplus to be contributed to the incentive program. Management proposed that \$6,000 of the cumulative operating fund surplus be set aside for staff incentives, as no incentive was given to the staff in the prior fiscal year. After discussion the board members asked SLC to provide a schedule of staff members and their annual wages before setting any incentive amount. After review Mr. Blumenthal made a motion to approve setting aside \$6,000.00 of the cumulative Operating Fund surplus after auditor review for incentives to SLC staff. Mr. Novo seconded, and the motion passed.

Mr. Blumenthal made a motion to retain \$9,576.04 of the cumulative Operating Fund surplus within the Operating Fund in order to keep assessments flat with the prior fiscal year. Mr. Klein seconded, and the motion passed.

Mr. Blumenthal made a motion to contribute the remaining cumulative Operating Fund surplus, after auditor review, to the reserve fund for the Siding/Exterior Surfaces line item. Mr. Novo seconded, and the motion passed.

Balance Sheet – All unit owners are current on assessment receivables as of the date of this meeting.

Management recommends that the Board approve transferring the estimated net credit in the Reserve Fund for the Miscellaneous line item, currently \$1,212, to the Siding 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 2010, the Operating Fund had borrowed \$53,126 from the Reserve Fund. Mr. Blumenthal made a motion to approve the inter-fund loan. Mr. Kaufman seconded, and the motion was approved.

Mr. Kaufman made a motion to accrue any unused amount remaining in the Paint and Stain – Deferral line item to the Reserve Fund Siding/Exterior Surfaces line item to be used for exterior staining and painting in future years. Mr. Fisher seconded, and the motion passed.

## VI. New Business

### A. Budget 2011-2012

#### Operating Fund – Proposals

Management proposes that the fiscal 2011-2012 Operating and Reserve Fund budgets both remain flat, as compared to the fiscal 2010-2011 budgets. Overall, management proposes that the budgets and therefore the assessments for fiscal 2011-2012 remain the same as that of the prior fiscal year.

Revenue lines are budgeted as flat to prior year projected totals.

The General and Administrative Category is budgeted to increase by \$12,425, or 3.9%.

At \$28,089,810 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$445.87 per sq foot, based upon exterior square footages, and including the carports and the arrival center building. The insurance agent recommends a 5% increase for premium inflation, and he also recommends that the association consider increasing replacement coverage valuation by an additional 5%. At this time we have proposed no valuation increase. We have increased the estimated premium by 5% for insurance inflation, only. The combined property limit for Enclave, Woodrun Place, and Chamonix is \$91,736,099. Insurance expenses are, therefore, budgeted to increase by \$2,783.

One washer at Chamonix needs replacement this spring at an approximate installed cost of \$14,163. The Enclave pays 60% of the capital replacement costs, and the expense is funded by assessments for the Depreciation line item of the Operating Fund budget. This line item is increased year over year by \$2,430 for this expense, per the schedule provided by the auditors.

Vehicle Rental, which includes the costs of fuel, repairs, and maintenance, is budgeted to increase by 36%, or \$6,442, which is the same inflation rate as fuel costs, year over year.

The Utilities category is budgeted to increase by \$5,883, or 4.9%. Electricity, Gas, and Water &

Sewer costs are expected to increase by 5%. Other utility category line costs – Telephone, Cable Service, and Trash - are budgeted to increase by 3-10%. Volatility in the costs of energy continues to make these expenses difficult to predict.

SLC proposes an increase in the housekeeping and maintenance rates from \$35.00 per hour to \$37.50 per hour. The average billing rates in Snowmass Village are around \$40/per hour. The last price change was in November 2006, and net health insurance costs have gone up 67% over that time span. The Enclave uses approximately 3,000 billable hours each year through the association, so this proposed increase adds about \$7,500 in new expenses. The health insurance policy costs have increased by \$108,045 over this same time frame. Mr. Blumenthal made a motion to approve of these pricing changes. Mr. Klein seconded, and the motion passed.

The Repairs and Maintenance Category is budgeted to decrease by 2.6%, or \$6,235. Excluding the year over year changes in the Special Projects line item, the Repairs and Maintenance Category budget is essentially flat. We expect to spend less in the budget year on Special Projects, with other line item changes offsetting. The item charged to Special Projects in the 2010-2011 fiscal year was the replacement of the common telephone switch.

#### 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 an increased balance at the end of the budget year from \$702,277 to \$738,425. Expected expenditures from the fund in the budget year are replacement of aging pool and spa boilers, with the remaining credit balances in these line items transferred to the domestic hot water boiler line item. The first price on replastering the pool bottom is \$43,200, with available funding in this line item at \$85,869.27. The Arrival Center Reserve Fund is projected to grow to \$62,059 by the end of the budget year.

Management will again research replacement front door lock costs with a swipe, a mechanical, and a non-swipe style lockset. The association recently underwent a risk/loss assessment by the insurance carrier, and the carrier recommends this replacement. Depending upon the scope of cost, the lock replacement expense may be charged to the reserve fund by shifting some collected funds from the Pool Replacement line item.

Mr. Blumenthal made a motion to accept the amended, proposed budget, as revised during the meeting, with regular assessments at \$760,150.57. Mr. Novo seconded, and the motion passed.

#### VII. Other Items

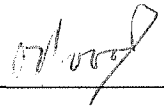
Date of Next Annual Meeting - By vote the members established the month of the annual meeting to be in March of each year. The annual meeting is set for 4:00 PM MT on March 4, 2012.

Mr. Garon asked about the possibility of adding gabled roofs over 307 and 308. The other board members were receptive to reviewing plans.

VIII. Adjournment

Mr. Blumenthal made a motion to adjourn the meeting, and Mr. Novo seconded. The motion passed, and the meeting was adjourned at 10:24 am.

Respectfully submitted,



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Oscar Novo, Secretary

Brd. Meeting: 10-4-11

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