

THE ENCLAVE ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING

October 4, 2018

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 10:00 A.M. MT on October 4, 2018. Mr. Blumenthal, Larry Garon, Lonnie Klein, John Henderson, Glen Fisher, and Oscar Novo were in attendance via conference phone. SLC Wyndham staff members Mike George - General Manager, Paul Parkerson - Property Manager also attended.

II. Reading and Approval of Minutes

A. Approval of Minutes - Board meeting of October 5, 2017

The minutes of the prior budget meeting are posted on the www.slccassoc.com website. Mr. Klein made a motion to waive the reading of the minutes of the October 5, 2017, Board meeting. Mr. Novo seconded, and the motion passed. Mr. Klein made a motion to approve of the minutes of the October 5, 2017, meeting. Mr. Novo seconded, and the motion passed.

III. Report of the Officers

State of the Property Grounds

1. Completed projects

- Concrete repairs to west side of the pool deck
- Clean and seal east end walkway near ground and first floor elevator
- Boiler/Elevator Inspections
- Cleaned and repaired Industrial Washers and Dryers
- Repaired and tested tree lights
- Replace snowmelt sensor
- Repaired/replaced ski locker locks
- Repaired/replaced spa pressure gauge
- Repaired snowmelt system on multiple occasions
- Repaired elevators – replaced damaged circuit boards at Wyn cost

- Repaired boiler drains
- Purchased new elevator mats in lieu of replacing interior elevator cab flooring
- Purchased LED bulbs to replace higher wattage usage incandescent bulbs for exterior mounted fixtures
- Gutters and heat tapes were added to the roof system
- Replacement of air bubble jet pumps to hot tub

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

- Interior and exterior window cleanings
- Sand and re-stain unit doors
- Power wash and reseal all pool and stairs concrete, front steps of office
- Power wash and repaint corner at EN113
- Clear all gutters
- Complete driveway snowmelt/concrete project
- Painting/repairs to main property sign
- Clean chimneys
- Landscaping and irrigation work at the expense of the Base Village Developer to accommodate the new bus stop and sidewalk installations

Discussion of Officers whose terms are up this year

Mr. Blumenthal noted that Mr. Fisher completes his term as a Board member this fiscal year. Mr. Blumenthal requested that management notify the entire membership in January 2019 of the up-coming board election 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. Fisher indicated an intent to run again for a position on the Board. Mr. Blumenthal noted that the HOA should consider amending the term length of one of the four directors whose three year terms are ending in 2021 – Blumenthal, Klein, Garon, and Henderson - to end in 2019. In that manner, the election cycle for the seven HOA terms will be two to be elected in year one, two to be elected in year two, and three to be elected in year three. Mr. Blumenthal volunteered to be the board member whose term length was amended, and if accepted, indicated his intent to run again for a seat on the Board at the next annual meeting.

IV. Old Business

A. Enclave Renovation/Redevelop Project Update

Mr. Blumenthal advised that review of our Preliminary application was completed by the Planning commission in September of 2017 and by the Town Council in January of 2018. Both entities gave their preliminary plan approval.

The HOA is in its third of three planned years of special assessments to fund the combined soft cost expenses of both Phase I Renovation and Developer Entitlement. Through August 2018 the HOA has spent \$408,733 on these expenses, as noted below:

Architecture	\$203,212
Legal	\$99,378
Engineering & 3 rd Party	
Professionals	\$44,484
Conference Calls	\$1,473
Town of Snowmass Village	\$45,546
Tax Planning	\$8,086
SLC/WVR	\$5,672
Snowmass Water &	
Sanitation District	\$882
Total	\$408,733

In terms of Entitlement soft costs, alone, a total of \$250,934 has been spent in this area. The breakdown of those expense for Entitlement soft costs are listed below.

Architecture	\$109,535
Legal	\$63,513
Engineering & 3 rd Party	
Professionals	\$23,145
Conference Calls	\$228
Town of Snowmass Village	\$45,546
Tax Planning	\$8,086
SLC/WVR	
Snowmass Water &	
Sanitation District	\$882
Total	\$250,934

The net shortfall to date is \$95,066.

After discussion, Mr. Blumenthal made a motion to approve of a special assessment in the amount of the \$95,065.65 shortfall to replace reserve fund dollars that were spent on the soft costs through the completion of preliminary plan approval. Mr. Klein seconded, and the motion passed.

Discussion of the costs for final approval will occur following a response from Mike Hoffman and Jim Gustafson concerning their estimate of costs related to obtaining final approval.

B. Financial Review 2017-2018, Unaudited

Management forecasts that the Association will finish the year on budget. (Discussion of Staff Incentive) – Not applicable this year, as the operating fund not projected to have a surplus to budget at fiscal year-end. However, management recommends that the Board decides the disposition of any actual surplus to budget that may result via an approved motion.

Mr. Fisher made a motion to transfer any actual Operating Fund surplus that may result, subject to any further year-end adjustments or external auditor review, to the "Spa-Boiler Pumps" line item. Mr. Blumenthal seconded, and the motion passed.

Balance Sheet — Member receivables are presently current – no outstanding balances due.

Management recommends that the Board approve transferring at fiscal year end the net credit in the Reserve Fund for the Miscellaneous line item, currently \$147.73, to "Spa/Boiler Pumps" 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 entries that are needed to complete the accounting for the fiscal year. Mr. Fisher made a motion to approve this recommendation. Mr. Klein seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2016/2017, the

Operating Fund had borrowed \$214,819 from the Reserve Fund. The HOA has an

Insured Cash Sweep (ICS) source/target or parent/child banking account set up at Alpine Bank. Cash on hand over \$250K is automatically swept into the ICS account, and when the parent account balance falls below \$10K, cash from the ICS is automatically swept back into the parent account. This can create an inter-fund loan. Mr. Fisher made a motion to approve the inter-fund loan. Mr. Klein seconded, and the motion was approved.

Mr. Garon made a motion to accrue any unused forecasted 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. Klein seconded, and the motion passed.

V. New Business

A. Budget 2018-2019

Operating and Reserve Funds — Proposals

Operating Fund

A. Revenue

The regular assessments, including the reserve contribution component, are proposed to increase by 8.5%, or \$74,098. Detail discussions follow in the cost categories below.

Interest income is budgeted at the same amount as last year.

B. General and Administrative

This Category is proposed to increase by \$20,159 over costs of the prior year. Of that amount, Management fees are proposed to increase by 11.31%, or \$12,363, and at the same percentage rate as Housekeeping (Hskp) and Maintenance (Mnt) hourly pricing is proposed to increase. The Hskp/Mnt rate is proposed to increase to \$43.00 per hour from \$38.63 per hour. The Woodrun Place Condominium Association, Inc., has approved of these changes as of 09/14/18, and, depending upon the decisions of the Enclave Board at this meeting, the same proposed

changes will be presented at the Chamonix at Woodrun Association budget meeting on 10/22/18. The management fees support the direct labor and benefit expenses of the property manager, along with the shared labor and benefit costs of the general manager, the accounting manager, and the senior systems IT technician. Including only the allocated costs of the GM and the Accounting Manager on a co-op per unit basis, plus the full cost of the Property Manager, the total expense to Wyndham is \$137,804, versus the proposed management fee of \$121,654. The last increase in this fee was in October of 2013, and there have been no adjustments in the interim. This price increase would help fund health insurance and wage inflation, which have occurred over this time frame.

Insurance - At \$29,800,479 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$479 per sq. foot, based upon exterior square footages, and including the carports and the arrival center building. The insurance agent forecasts a 3% increase for premium inflation, and he also recommends that the association consider increasing replacement coverage valuation by an additional 2%. Management proposes increasing the budget for an estimated premium cost increase of 2% for expected insurance rate inflation, only, which is the average actual annual increase in overall insurance cost over the past 5 years. The Board must, ultimately, decide on whether or not to increase replacement limits and/or premium funding. The combined property limit for Enclave, Woodrun Place, and Chamonix is \$96,109,774. Mr. Klein made a motion to approve of the insurance line item budget, as described above. Mr. Fisher seconded, and the motion was approved.

Taxes and Assessments, which are the costs of the Enclave assessments for the employee unit, are correspondingly budgeted to increase in line with overall expense increases.

Vehicle Rental is proposed to increase by \$4,897, which is the estimated allocated cost of adding a 4th transportation vehicle to the fleet. Approval of this additional expense is dependent upon the Woodrun Place and Chamonix at Woodrun Associations approving their allocated shares of the estimated cost of adding a 4th transportation vehicle to the fleet. The Board supports and approves of the acquisition of a 4th transportation vehicle, but no increase in Guest Services head count.

C. Utilities

The Utilities category is budgeted to increase by \$11,772, or 8.0%. Volatility in the costs of Utilities continues to make these expenses difficult to predict. Line items increases allow for inflation rates of between 3-10%, and only actual costs are billed to the HOA.

D. Repairs & Maintenance

The Repairs & Maintenance Category, exclusive of Special Projects, is proposed to increase by \$25,612, or 8.4%, over the prior year's category budget.

Of that amount, Supplies are proposed to be budgeted to allow for 5.0%, subcontractors at 3.5%, and SLC/WVR labor at 11.31% inflationary increases.

Management staff presented a usage model for the shared maintenance staff. In the budget year, management will more accurately record the expenses in the line items for individual maintenance tasks, to more accurately reflect where maintenance hours are spent. In practice, staff primarily work at specific properties or provide services for specific skills at multiple properties. The model includes actual results to date and forecasted through the current fiscal year end 2017/2018, as well as projected hours of use by line item for the fiscal budget year 2018/2019. Staff per day for Enclave for fiscal 2017/2018 are forecast to equate to about 1.32, and management proposes that the budget year be at 1.35.

As noted above, hourly pricing is proposed to increase to \$43.00 per hour from \$38.63 per hour, or 11.31%. The last time that prices were increased was October of 2013. Snowmass Village labor rates for maintenance range from \$40-45 per hour, and companies are inflating labor rates in response to very limited supply. This price increase would help fund health insurance and wage inflation, which have occurred over this time frame.

As with all other HOA costs, the HOA will only be billed for allocated expense items (Mgmt. Fees, Front Office, Vehicles, and Direct Office Expense), actual time, materials, fees, and expenses, as noted in the services addendum.

E. Reserve Fund – Proposals

The Reserve Fund assessment is proposed to include a 4th year of recovery of expenses for the Development & Entitlement and Renovation Soft Costs via a Special Assessment of \$95,065.65, as discussed above.

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 \$468,190 to \$675,121, less any unplanned costs that could be charged to this fund. The Arrival Center Reserve Fund is projected to be at \$96,356 by the end of the budget year.

Mr. Parkerson noted that, while \$47,181 in funding is included in the Crawl Space line item, the Board approved three years of funding at \$32,028, beginning in 2016/2017 budget year. The proposed amount of \$49,375 will repay the Reserve Fund for sunk costs to date and provide a budget of \$22,295 for sixteen dryer runs that currently vent into the crawl space. This pushes warm, humid air into that area, which can cause a variety of issues. Recommendations by Mark Burggraaf, a local engineer, are to have T&E Marshall install sixteen booster fans to push this air out through the over-length dryer runs and evacuate these to external points. Mr. Fisher suggested it could be possible to combine the dryer runs in the crawl space area to lessen the amount of booster fans needed. Management will explore this option with T&E Marshall at next site inspection. Costs associated with this project were proposed at \$20,100 plus electrical and concrete penetration costs, before any unknowns, which may be discovered while completing this project. Management will advise the Board

Mr. Fisher made a motion to accept/amend the proposed budget, as presented during the meeting, with regular (including reserve) assessments at \$948,578.48 (and inducement assessments at \$312,000, or \$8,000 average per unit). Mr. Klein seconded, and the motion passed.

Other Items

Marketing Plan Presentation –

The marketing plan for the rental program, as per the requirements of the HOA management contract assignment, was issued to the board via e-mail by Joe Zuena.

As Woodrun Place has approved the same ratio increases for management fees, housekeeping hourly rates, and maintenance hourly rates, new unit management contracts with revised services addendums will be issued to all unit owners. As the budget meeting for Chamonix at Woodrun will occur on 10/22/18, management will report back to the Enclave and Woodrun Place Boards, if the

Chamonix at Woodrun Board does not approve of commensurate increases in the fees and rates to be charged to that HOA and its members.

Management intends to present the Chamonix at Woodrun fiscal 2018/2019 budget with increased inducement management fees averaging \$12,000 per unit. Woodrun Place (WP) has amended its declaration to compel its members who intend to rent their units to hire the HOA manager, so the annual inducement assessments at WP are currently set at zero.

Mr. Klein made a motion to acknowledge and approve of the variances in inducement fees between Woodrun Place Condominium Association, The Enclave Association, and the Chamonix at Woodrun Place Association budgets for fiscal 2018/2019. Mr. Fisher seconded, and the motion passed.

Mr. Blumenthal made a motion to amend the Collections Policy for Unpaid Assessments, Section A., Due Date. As currently stated, annual regular assessments are due and payable at the rates of 30% on October 1, 30% on January 1, 20% on April 1, and on 20% July 1. Mr. Blumenthal proposes the rates change to 25% on October 1, 25% on January 1, 25% on April 1, and 25% on July 1. Mr. Fisher seconded, and the motion passed.

Mr. Novo raised the issue of the topical surface treatment – Miracoat – and asked about it's status. Management will continue to investigate possible repair or replacement options.

Mr. Blumenthal raised the question of whether there is a variable intensity of use between owners and unit renters. The board agreed to continue to monitor occupancy data for owners and renters.


Mr. Blumenthal raised the issue of what reasonable rent for the Arrival Center might be. The board will discuss the matter with senior Wyndham management at a later date.

Date of Next Annual Meeting –

The annual meeting is to be held on Sunday, March 3, 2019, at 3:30 PM MST.

VI. Adjournment

Mr. Klein made a motion to adjourn the meeting, and Mr. Fisher seconded. The motion passed, and the meeting was adjourned at 12:51 P.M.
Respectfully submitted,


Oscar Novo, Secretary