

THE ENCLAVE ASSOCIATION, INC.

BOARD OF DIRECTORS MEETING

October 07, 2020

1. Call to Order -

Mel Blumenthal, President of the Board, called the meeting to order at 10:04 am. MT on October 07, 2020. Mr. Blumenthal, Mr. Henderson, Mr. Fisher, Mr. Garon, Mr. Novo, Jr and Mr. Lustberg, were in attendance via conference phone. Vacasa staff members Mike George - General Manager, Paul Parkerson - Property Manager, Ben Sloman – Regional Asset Manager, Alan Cardenas – Business Development Manager and Ryan Greer - Vacasa Vice President, also attended.

Non-Board members also attending the meeting via conference call were as follows:

Unit Owner Name	Unit Owner #
Patenaude	313

2. Proof of Notice of the Meeting –

The HOA Board members and HOA members received an email Notice of Meeting and Agenda within the time frame allotted by the relevant statutes and the HOA bylaws.

3. Reading and Approval of Minutes -

Approval of Minutes - Board meeting of October 2, 2019.

The minutes of the prior Board budget meeting are posted on the www.slccassoc.com website. Mr. Garon made a motion to waive the reading of the minutes of the October 2, 2019, Board meeting. Mr. Fisher seconded, and the motion passed. Mr. Garon made a motion to approve of the minutes of the October 2, 2019, meeting. Mr. Fisher seconded, and the motion passed.

4. Report of the Officers -

State of the Property

Completed projects

- Boiler/Elevator Inspections
- Cleaned and repaired Industrial Washers and Dryers
- Repaired and tested tree lights
- Replaced entrance tree lights

- Grout top layer cracks on the upper spa area
- Repaired East carport light sensors
- Repaired all damaged common area ballast lights
- Repaired/replaced ski area stair lights
- Repaired trellis near 107/bike room
- Repaired trellis covering the gas meter
- Replaced pool deck snowmelt control panel
- Replaced flame sensors and ignitors on boilers and hot water heaters and other general boiler maintenance
- Replaced burner control module and ignition amplifier card for driveway snowmelt boiler
- Replaced glycol feeder switch and gas pressure switches on driveway snowmelt boiler
- Replaced bear-damaged slider door for E100
- Replaced water cooler for the office
- Replaced doors to east electrical room
- Purchased new pool vacuum and spa cover roller
- Installed new pool lights
- Replaced main pool drain push/pull valve
- Replaced failing chain posts that prevent skiers and boarders from accessing the top of the West carport
- Added a ramp to smooth out East pool area entrance
- Repaired wooden steps leading to ski area
- Replaced retaining wall on West lawn near elevator corridor
- Repainted front and back SW carport fascia, front NE carport fascia, office windows, cable box, NE post near 101, flower box near 101, and upper lip trim work of walkway fascia Boards on all levels.
- Sanded and resealed office door
- Replace and painted corner Board of driveway entrance carport, NE side.
- Replaced non-functioning bathroom light/fan in E100
- Migration from WVR to Vacasa HOA software
- Re-stained benches

Mr. Garon asked about the timing of when work can be completed, as he is of the opinion that we can improve on the timing of completion of repairs. Mr. Parkerson noted that having a limited vendor group to draw from in the local area sometimes caused projects to start later or last longer than might occur in other regions of the country. Mr. Parkerson advised that management will strive to provide better communication as to individual project timelines.

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

- Grout various cracks on the upper spa area
- Interior and exterior window cleanings
- Clear all gutters
- Clean chimneys

- Repair damaged walkway near 101, 204, 209, 210, 212, 302, 304, and 310
- Repair more damaged ski stairs
- Replace current spa autofill system with wireless system
- Replace pool cover
- Repair industrial washer drain

A discussion followed on the best way to proceed with The Enclave's laundry needs. Currently The Enclave shares in the use/costs of industrial laundry machines housed at the Chamonix complex. After noting several instances of water backing up out of the gray water drain line, management scoped the drain line to determine the issue. The resulting video showed two instances where sand and gravel have gathered in the line due to shifting ground, causing the underslab and underground line geometry to change in two places, where otherwise the line would drain correctly by gravity. Several possible solutions were discussed by the Board and by management. Current repair considerations –

- demolishing the slab and excavating to repair the damaged subgrade pipe sections; using pump to assist with the removal of gray water under pressure down the drain line;
- using an outside source to perform the laundry functions
 - Possibilities - Woodrun Place, the Inn at Aspen, or the Crestwood;

Management will concurrently investigate the possibility of installing an on-site facility. Possible locations are the current exercise room, the maintenance/laundry area, the bike storage room, and the West elevator storage area.

5. Discussion of Officers whose terms are up this year -

Mr. Blumenthal noted that Mr. Klein, Mr. Garon and Mr. Henderson complete their terms as Board members this fiscal year. Mr. Blumenthal requested that management notify the entire membership in January 2021 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. Henderson and Mr. Garon both indicated their intent to run again for a position on the Board. Mr. Blumenthal requested Paul contact Mr. Klein for his intentions.

New Business -

a. Budget 2020-2021

Operating and Reserve Funds — Proposals

Operating Fund

Revenue

The regular assessments, including the reserve contribution component, are proposed to be reduced from those of fiscal 2019/2020 by \$38,692, or 4.08%. The majority of the savings over prior year assessments are a result of the reduced management fees negotiated between Vacasa and the HOA Board, or \$30,414. Detail discussions follow in the cost categories below.

Rental income is budgeted to increase from \$14,400 in the 2019/2020 budget year to \$20,400 in the budget year 2020/2021 budget year as a result of rental income from the temporary use of The Enclave meeting room as employee housing.

Interest income is budgeted to decrease by \$615, or 35.85% in the hope that more owners will pay assessments when due on a timely basis and thereby avoid interest charges.

General and Administrative

This Category is proposed to decrease by 12.60%, or \$47,286.

Management Fee - The Enclave and Vacasa have amended the HOA management contract such that the management fee line item will be discounted by 25.00% in year one, 27.50% in year two, and 30.00% in year three, and every year thereafter. The base management fee is proposed to be \$121,654 (the same as in fiscal 2019-2020), and the discounted management fee is therefore proposed to be \$91,241, for a savings of \$30,414.

Front Office Expense - In April 2019, WVR began staffing the Front Office (Guest Services) with seven (7) year round employees, versus the historical norm of one (1), in the off- and shoulder- seasons for all three properties in the co-op – Enclave, Woodrun Place, and Chamonix. In the summer of 2018, the opening of the Limelight Hotel in Snowmass exacerbated an already tight labor market for service staff. As a result, WVR wage rates for Guest Services hourly staff in 2018 were increased approximately 30% over those of the prior year. Vacasa proposes no budget increase this year for this partially subsidized Front Office Expense cost, despite the significantly higher than historical expenses to Vacasa and the overall reduction in rental program participation at The Enclave from 21 to 15 for fiscal 2019-2020 and now back to 19 units at the start of fiscal 2020-2021.

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 historically recommends a 3% provisional increase for premium inflation, and he also recommends that the association consider increasing replacement coverage valuation by an additional 2%. With national tariffs and general inflation driving the costs of material up by 25%, or more, the insurance agency

recommends that the Board consider this information in its decision to establish the replacement costs of the buildings. Management recommends that the Board approves engaging an insurance appraiser to update the replacement cost estimates for Enclave. The appraiser cost is expected to be less than \$1,000. Management proposes increasing the budget for an estimated premium cost increase of 5%. 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. Novo made a motion to approve of the insurance line item budget, as described above. Mr. Fisher seconded, and the motion was approved

Depreciation – The depreciation line is budgeted to decrease by 78.08% with the employee unit having almost fully depreciated after 31 years.

4th Transportation Vehicle – In Fall 2019/2020 Vacasa acquired an Elkhart Coach ECII. Vehicle budget line item remains unchanged.

Utilities

The Utilities category is budgeted to increase by \$6,721, or 4.05%. Volatility in the costs of Utilities continues to make these expenses difficult to predict. Line items increases allow for inflation rates of between 3.0-10.0%, and only actual costs are billed to the HOA.

Repairs & Maintenance

The Repairs & Maintenance Category is proposed to increase by \$18,663, or 6.02%, from the prior year's end estimated actuals. The proposed budget for this category is within 1% of that of the prior year budget.

This proposal would keep the maintenance budget category expenses for fiscal 2020-2021 at the budgeted fiscal 2019-2020 aggregate total, once a proposed change in Roof Repairs to match actual 2019-2020 year end expenses is taken into consideration. For most line items we are sticking with last year's budget projections.

Line items for R&M – Mgmt. Co Staff, R&M Contractors, Supplies, Window Washing, Chimney Sweeping, Pest Control, Painting & Staining, Painting & Staining (Deferral), Snow Removal, and Equipment Service Contracts are all proposed to return to pre-COVID-19 2019-2020 budget amounts.

Window Washing – Window washing costs are budgeted to increase 38% over current year-end estimates, but will remain aligned with historical precedent. Spring interior window cleans were not performed for COVID-19 related reasons.

Painting and Staining – Costs are proposed to decrease 58.50% over current year-end estimates. This line item ended the year \$3,011 over the budget to accomplish

Board-approved extra painting and upkeep of the property. The Board made this decision in light of savings in other budget line items, primarily because of COVID-19.

Pool - Costs are proposed to be budgeted at \$33,000, which is 8.43% higher than the 2019-2020 budget, but 11.12% under the projected actual costs of fiscal 2019-2020, at \$37,130.

Firewood costs are proposed to remain unchanged from the fiscal year-end estimate, and to decrease \$2,514 from last year's budget line item. This is due to efforts by management to perform an accurate inventory of current stock and to more closely estimate consumption in the budget year. As fall shoulder season occupancies continue to be higher than those of prior years, however, we expect consumption to continue, as temperatures drop in October and November.

Groundskeeping costs are proposed to be budgeted at actual 2019-2020 levels.

Custodial Services costs are proposed to be budgeted at \$59,466, or 14.36% over 2019-2020, as COVID-19 impacted winter occupancies and linen transportation demands.

In the aggregate, Groundskeeping, Snow Removal, and Custodial costs are proposed to be budgeted at \$614 less than the 2019-2020 budgeted amounts.

Roof Repairs are proposed to be budgeted to match actual 2019-2020 results, which were for shoveling work two times per winter season.

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.

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 \$766,856 to \$869,084, less any planned and unplanned costs that could be charged to this fund. The Arrival Center Reserve Fund is projected to be at \$101,907 by the start of the budget year and to finish at \$107,572.

In the 2019-2020 budget meeting, Mr. Parkerson noted that, while \$22,295 remains allocated to Crawl Space line items within the Reserve Fund, the only bid management could secure to date for this work from T&E Marshall was retracted. Mr. Parkerson proposed an alternative solution for those affected Units that have electric dryers to use water trap termination vents for lint capture to be placed on top of the stackable appliances. Housekeeping staff will then need to clear these traps on a weekly basis for occupied units. The Board approved the testing of these traps. One trap was

installed as an initial test during Winter 2019/2020, and it proved workable. The onset of COVID-19, the resulting furlough of staff, plus further restrictions placed upon workers about what in-unit work can occur, and higher than normal Summer/Fall occupancies have caused management to defer further external lint trap installations in the necessary units until occupancies abate. The balance of the Crawl Space line item is proposed to be moved into a new line item for Laundry Mechanical costs.

Mr. Novo asked if the costs in the Operating Fund Legal line item budget related to the Renovation/Development project. Mr. Blumenthal responded that the costs in this line item related to review or challenges to changes in the Base Village project for buildings 10A, 10B and 11 which may have an impact on The Enclave.

Special Assessment – The Board previously approved a 3-year special assessment of \$213,000 to occur beginning in fiscal 2020-2021 in the amount of \$71,000. This amount will be applied to the present deficit of \$151,863.69, which the external auditors have re-classed to the operating fund.

b. Approval of Budget

Mr. Garon made a motion, pending confirmation by the external tax accountant & attorney that there are neither identified negative tax-related nor other legal consequences, to defer the proposed \$71,000 special assessment to begin in the 2021-2022 fiscal year, with regular (including reserve) assessments at \$909,886.60, special assessments at \$0.00, and inducement assessments at \$312,000.00, or \$8,000 average per unit. Mr. Lustberg seconded, and the motion passed.

Rental Program Vacasa Marketing Plan and Results Discussion –

In October 2019, the Wyndham Vacation Rentals (WVR) sale to Vacasa closed. Vacasa is in the process of integrating all operations and use of the main property management computer system.

However, a comprehensive Sales and Marketing analytical process of individual HOA performance and for the Snowmass Co-Op has yet to be developed. Below are the results of data compilation from November 1, 2019 through July 31, 2020 under the prior property management system.

Enclave – Overall performance without any adjustments:

Gross rents declined \$263,843, or 22.8%
Average rate increased \$72.75, or 10.8%
Paid occupancy nights declined by 521, or 30.3%
REVPAR declined by \$66.54, or 23.2%

Enclave – Overall performance adjusted for units that joined (1) /left the program (4). The data for the unit that joined the program is excluded because it began participating very late in the past winter 2019-2020 season.

Gross rents decreased \$147,960, or 14.8%
Average rate increased \$94.28 or 14.3%
Paid occupancy nights decreased by 386, or 25.5%
REVPAR decreased by \$47.78, or 15.2%

Enclave – owner use of rental units increased by 78 nights, or 13.2%
Enclave – owner use of units, overall, increased by 577 nights, or 31.3%

Overall, the performance of all our Snowmass properties (Enclave, Chamonix, and Woodrun Place), without adjustment, winter to date compared to prior winter to date:

Gross rents decreased \$695,832 or 16.6%
Average rate increased \$70.91, or 9.5%
Paid occupancy nights declined by 1330, or 23.8%
REVPAR declined by \$45.56, or 16.2%

Overall performance adjusted for units that joined/left the program between current and prior winter season:

Gross rents decreased \$608,034, or 15.6%
Average rate increased \$69.01, or 9.2%
Paid occupancy nights declined by 1,173, or 22.7%
REVPAR decreased by \$49.85 or 16.0%

At present Vacasa obtains market data from AirDNA, which collects data from a subset of the market, using VRBO and AirBnB data segments, only, across participation in these two channels of business. Historically, we participated in comprehensive market data analysis via Destimetrics, which obtained and analyzed overall market performance at the property level from a defined competitive set. Since these data sets are dissimilar, we will forgo reporting on performance to market at this time. Vacasa analytics staff have started the process to re-engage with Destimetrics, so that we will soon be able to review our company performance against that of the local market. The list that follows is the historic Snowmass Village Destimetrics competitive set.

Here is a list of all the Snowmass properties that participate with the DestiMetrics program:

SNOWMASS

Crestwood Condo Hotel
Destination Residences Snowmass
Stonebridge Inn
Interlude
Laurelwood
iTrip - Snowmass
Limelight Hotel Snowmass
Pokolodi Lodge
Snowmass Lodging Company
Snowmass Mountain Chalet
Snowmass Mountain Lodging
Snowmass Vacations
The Viceroy
Timberline Condominiums
Westin Snowmass Resort
Wildwood Snowmass Hotel

Alan Cardenas of Vacasa did a marketing slide presentation that provided highlights of summer 2020 results and forward looking pace for the upcoming winter. Management will make the marketing report available upon demand to any member.

Mr. Garon asked about whether or not Vacasa has participated, or intends to participate in any federal subsidy programs that might benefit The Enclave directly. Mr. Blumenthal advised that he has asked Vacasa to address this particular issue, as it is his understanding that other local competitors are able to take advantage of these loans/grants. Mr. Greer responded and advised he would take on the responsibility of asking these questions of the Vacasa legal team and providing those answers to the Enclave Board.

Mr. Blumenthal asked Mr. Cardenas if the numbers contained in the marketing presentation from a period prior to the recent Aspen Ski Company announcement of their Winter pricing and plans. Mr. Blumenthal also asked if Vacasa had discussed with SkiCo any type of ticket packaging plans with their rentals. Mr. Cardenas responded that the information contained in the presentation was prior to the recent announcement. Mr. Cardenas said that Vacasa does not have any definitive plans yet in relation to ticket packages, but that Vacasa is actively monitoring the local situation and exploring all options to retain and grow business.

Date of Next Annual Meeting –

The annual will be held on Sunday, March 14, 2021, at 3 PM MST.

6. Old Business

a. Enclave Renovation/Redevelopment Project Update

During the Enclave Board Meeting on January 15, 2019, the Board reviewed at length the future estimated costs anticipated to be incurred in order to obtain Final Approval from the Town of Snowmass Village for the development/redevelopment application. This cost was estimated at \$213,000, and the board approved a three-year special assessment to recover these costs, to begin in fiscal year 2020-2021. In today's meeting the board voted to defer funding of this three-year Special Assessment to now commence at the start of the 2021 - 2022 fiscal year. The special assessment is to be split into three equal parts of \$71,000 per year.

The net amount remaining available to pay for any future Renovation and Entitlement costs is \$61,136, as September 29, 2020.

Through September 2020 the HOA has spent \$560,596 on these cumulative expenses covering Phases I and II, as noted below:

Architecture	\$308,236
Legal	\$132,007
Engineering & 3 rd Party Professionals	\$53,426
Conference Calls	\$2,583
Town of Snowmass Village	\$48,370
Tax Planning	\$9,421
SLC/Vacasa	\$5,672
Snowmass Water & Sanitation District	\$882
Total	\$560,596

In terms of Entitlement (Phase II) soft costs, alone, a total of \$402,798 has been spent in this area. The breakdown of those expense for Entitlement soft costs are listed below.

Architecture	\$214,559
Legal	\$96,142
Engineering & 3 rd Party Professionals	\$32,087
Conference Calls	\$1,338
Town of Snowmass Village	\$48,370
Tax Planning	\$9,421
SLC/WWR/Vacasa	\$0
Snowmass Water &	

Sanitation District	\$882
Total	\$402,798

Mr. Blumenthal invited Mr. Garon to discuss any new development to the proposed Renovation/Redevelopment project. Mr. Garon responded that the committee designated for this project is still vetting developers and has been in talks with one local developer during the summer and fall of 2020. The committee is not ready to make recommendations at this time, but it is still actively pursuing all options.

b. Financial Review 2019-2020, Unaudited

Management forecasts that the Association will finish the year \$16,404 under budget. Details regarding savings are discussed in the most recent quarterly report.

(Discussion of Staff Incentive) – Mr. Blumenthal recommended that the Board consider approving a Staff Incentive of \$12,000 to be allocated between staff recipients to be proposed at the Board meeting, to recognize their outstanding owner services to the owners and the HOA. Mr. Garon inquired if Vacasa can contribute to these incentives through subsidized funds as discussed earlier in the meeting. Mr. Fisher and Mr. Novo concurred. Mr. Lustberg suggested only postponing distribution of the discussed incentives for a short period. Mr. Blumenthal proposed postponing this motion until the end of October while the Board awaits Vacasa’s response.

With a remaining expected Operating Fund surplus of approximately \$4,000 presently projected, management recommends that the Board decides the disposition of any actual surplus to budget that may result via an approved motion.

Mr. Blumenthal 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 Reserve Fund Laundry Mechanical line item. Mr. Garon seconded, and the motion passed.

Member Receivables — All Member receivable accounts are presently current.

Management recommends that the Board approve transferring at fiscal year end the net credit in the Reserve Fund for the Miscellaneous line item, currently \$144.37, to the Laundry Mechanical 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. Blumenthal made a motion to approve this recommendation. Mr. Fisher seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2018/2019, the Operating Fund had borrowed \$275,124 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. Novo seconded, and the motion was approved.

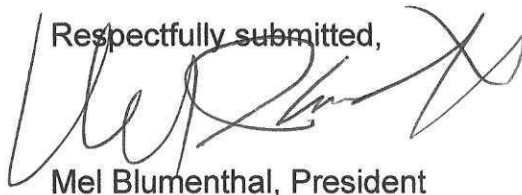
Mr. Garon made a motion to accrue any unused forecasted amount remaining in the Paint and Stain — Deferral line item at fiscal year-end to the Reserve Fund Siding/Exterior Surfaces line item for use in future years. Mr. Fisher seconded, and the motion passed.

Mr. Novo raised the issue of considering succession for Mr. Blumenthal's officer position, in light of the knowledge that his units are for sale. Mr. Lustberg commented that the board should review the bylaws and prepare to discuss this issue at the board's next meeting. Mr. Blumenthal recommended this course of action, and the attendees agreed, as the Board intends to meet before the end of October 2020.

7. Adjournment

Mr. Fisher made a motion to adjourn the meeting, and Mr. Blumenthal seconded. The motion passed, and the meeting was adjourned at 12:25 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mel Blumenthal', is written over the text 'Respectfully submitted,'.

Mel Blumenthal, President