

THE ENCLAVE ASSOCIATION
BOARD OF MANAGERS MEETING
October 26, 1997

1. Call to Order

The meeting was called to order in the Enclave meeting room at 6:55 P.M. by D. Larry Sherman, President of the Board. Glen Fisher, Secretary of the Board, was present, as were Mike George and Joe Porcaro of Snowmass Lodging Company.

2. Old Business

1. Approval of Minutes - Board meeting of December 27, 1996

1. Mr. Fisher made a motion to waive the reading of the minutes of this meeting. Mr. Sherman seconded, and the motion was carried. Mr. Fisher made a motion to approve the minutes of this meeting, and Mr. Sherman seconded. The motion was carried.

2. Exterior Renovation Status -

Siding is mostly completed on the main building, pool equipment house, and most of the garage bays.

Fascia boards are mostly completed, with some paint work still needed in both bays. Some boards may still need to be replaced in the East wing bay on the side facing the pool. Mr. Fisher reported that the 45 degree cap detail to go on the knee wall facing Wood Road was to be wrapped in metal.

Painters have begun the process of cleaning over spray from door faces and hardware.

Roof replacement is mostly completed, including over the pool equipment house and East elevator entrance corridor. Roof over framing is completed.

Railings are mostly painted, and installation has begun in the West wing of the building. Cap rail design has been approved by the Board, and the material has been delivered.

The stairwell windows are installed, with interior stairwell work remaining in the East wing.

Emergency lighting and common area circuits have yet to be installed.

Gutters have yet to be installed. An area targeted for a gutter is near the East wing elevator tower to prevent roof drainage from running back toward the elevator cab on the pool deck landing and to reduce spalling, primarily on the third floor landing. Other recommended gutter installs are off of the scuppers in the garage bays, as back splashing water and ice build up in their absence is expected to leach the stain from the new siding and accelerate deterioration of the new wood. The gutter that was removed from the roof and siding adjacent to units 108-308 needs to be replaced.

Chimney caps have been delivered to the site. They have been painted and lifted to the roof by crane and await installation.

Brick column framing has been completed. Brick installation is scheduled for after installation of the West wing dormer, recently approved by the Board. After the dormer is installed, the brick workers will return to modify the application of brick in the West wing elevator landing area and complete the work in the back center of the building.

East elevator corridor work was suspended until the roof was replaced. Work remaining to be completed is the tongue in groove ceiling, realignment of the fixtures nearest the elevator entrance, and installation of two, new flush-mounted fixtures. Work on the knee wall has yet to occur, and installation of lattice throughout the complex has yet to occur.

Vent caps are on site. Caulking and installation have yet to occur.

No further payments have been made to the architect, although he and his staff have been requested funds for overdue receivables.

The entire project remains about \$3,000 under budget, with assumptions that miscellaneous costs will not exceed \$5,000, and architects fees will not exceed \$24,000. No funding remains within the renovation budget to complete replacement of the patio light fixtures, in answer to Mrs. Mullins request. No funding remains available to run gas lines to the units, and the Board is philosophically opposed to running the lines exterior of the new siding. No funding is scheduled at this time to add artwork to the elevator corridors or landings.

Joe Porcaro reviewed items he would like considered on the punch list:

Paint - Awning windows remain for the most part painted shut. Touch up paint work is need throughout the complex on ends of deck fascia boards, as wrong color paint was used. Some garage fascia boards need to be sanded and painted. Arrival Center roof fascia board should be painted rail green to match other buildings. Hand rail to ski slope out center of building needs green paint to match rails. Paint over spray on the doors has/has not been completely removed. Front doors should be considered for restaining either prior to the ski season or in the Spring. Window cleaner will charge Norris back for the additional time needed to clean paint over spray. Window seals on most sliding windows that were painted over need to be reset/replaced/caulked in by painter/Norris. Access door and trim on wall behind pool equipment house have not been painted. Access doors to the fire hose equipment have not been painted to match the window trim.

Carpentry - Cable box enclosures have not been rebuilt. Lattice work in the courtyard under the lowest fascia deck boards have not been installed. Nail patterns throughout the building either do not meet the studs, or the studs were originally installed with erratic spacing. Sill extensions do not appear sturdy and are impeding the path of the awning windows that can be opened. Deck fascia boards are cupping dramatically within six months of installation. Nails throughout the building need to be set consistently - some are in deep, others are extend out from the board faces. Pool equipment room door needs to match new siding. Nails forced through the interior tongue-in-groove ceilings in units 301 and 308 have yet to be repaired. Although Rick has committed to installing replacement awning windows in 309, he has yet to finish the work. One section of original siding to

West of ski locker corridor still needs to be covered with new siding. Trim on beam adjacent to 301 visible from parking area needs more work. Building wall behind pool house does not have new siding. Siding by deck for 207 above sliding glass door has excessive caulking and needs to be redone.

Metal work - Cap metal pieces have not all been replaced. Still need one over the ski locker for 301/302. Vent caps still need to be installed. Guttering damaged last year in West garage bay needs to be replaced as part of the guttering work. Heat tape installation has yet to start.

Brick work - Knee wall down to shop still to be built. Brick work in center of building still to be done. Enclosure with old wooden siding on left side of West wall facing pool with brick needs to be covered with new brick. West elevator landing wall opposite elevator cab need grouting and trim work around door to elevator mechanical room.

Roof Work - Flashing/gravel stops over pool house, over East corridor, and over one section over new brick columns still need to be installed.

Misc - Phone cord needs to be tacked under board base outside of 101 on wall facing Wood Road. TCI cable near same phone cord needs to be tacked next to window trim. Other TCI cables need to be tacked under the lap siding boards throughout complex. Many of the hall lights have not been reinstalled. New flush mount sconces for the elevator landings have not been installed. The door ringer for unit 106 has not been reinstalled.

Rails - attachments bolts from outside of fascia board do not match up with inside bracket. Eight separate bolts are used at each attachment point. At Joe=s request, metal workers began installing washers last week. Recommend consideration of lock washers to stop bolts from backing out of fascia board? Cap rail, although expected to be milled off site, will have to be engineered on site, as adjoining rail sections do not terminate level for installation, as the walkways are not level, according to Patrick. Maybe shim system to level deep chamfers (sp?)? Also some concerns about how the cap rail is to attach to the lap siding on Rick=s part. Our visible inspection shows that the rail sections installed are not plumb. Adjoining mounted rail sections do not line up for installation of cap rail. Rail installation has been slow, and the complex will not be ready for Winter occupancy, until the cap rail is installed.

After discussion, Mr. Fisher asked that management convert the narrative format to a punch list schedule. Management will work on the conversion after the meeting with Norris on October 27, 1997.

3. Insurance Appraisal - cost included in the budget for 1997-8, as the renovation project has yet to be completed.
4. Arrival Center Debt - retired in August 1997 out of proceeds from the special assessment upon instruction of the Board.

5. Brush Creek/Burlingame Legal Suit - The Town and Woodrun Place lost the legal battle to stop the developments at the conceptual review stage. The developers are working out a strategy over how and what to resubmit to the Town regarding their development plans. Woodrun Place has decided to wait until the developers decide what to do before proceeding with any legal actions to block development.
6. Deck Overlay - Unit 305 has a deck overlay product applied over the concrete, with flashing over the concrete/fascia deck board joint. The installation was approved by the Board as a test to see how it holds up to the weather this Winter.
7. Financial Review 1996-7, Unaudited

Balance Sheet - The Association has shrunk the gap between the Reserve Fund and Reserve cash accounts from \$48,254 to \$7,376, excluding consideration of the Arrival Center component of the Reserve Fund. The Arrival Center component of the Reserve Fund now has a balance of \$8,143, as the proceeds of the special assessment were used to retire both the debt and to clear the Deferred Construction/Loan costs from the books. Deferred Paint Costs have been reduced, and the Association completed replacement of all its roofs, excluding those over the garage bays and the adjacent meter room, within plan. Outstanding principal on the remaining employee unit debt was reduced by about 15% in the 1996-7 year to \$33,764. The employee unit loan was entered into in 1989 and matures in 2004.

Operating Statement - Interest revenue, excluding assessments, was up against the budget by \$2,178, or 24%, primarily for collections on delinquent renovation assessments for EN210.

General & Administrative costs were down 2% against the budget, or \$3,110, on lower than planned Director=s Expenses, Interest, and Miscellaneous costs, partially offset by increased Insurance costs. Director=s expenses were down, as only one on-site operating meeting was held during 1996-7. Travel costs related to a second meeting for review of the Renovation project was charged to the Renovation Fund. Interest expenses were overestimated in the budget, and the 1997-8 budget assumptions have been reduced, accordingly.

Utilities costs were down \$4,472, or 7%, on lower than planned Electric, Gas, and Trash Removal costs.

Repairs & Maintenance expenses, excluding those related to the Renovation Project, were down 7%, or \$10,326, against the budget, primarily for lower than planned Roof Repair costs, as other line items variances in this category are offsetting. The Association anticipated the need for more roof repairs this past Winter than were needed.

Management proposes accelerating the write off of Deferred Paint Costs to retire the account balance. Future assessments for painting costs will then be for work scheduled either in the current or future years. Mr. Fisher made a motion to accept this proposal, and Mr. Sherman seconded. The motion was carried. Management further proposes allowing the operating surplus from the 1996-7 fiscal year to carry forward into the 1997-8 budget

year, effectively reducing next year=s assessments. Some projects planned for the 1996-7 year were not completed, and a carry forward surplus of approximately \$22,488 will offset many of these costs, such as staining of the front doors, replacement signage, and an outside appraisal of building replacement value. Mr. Fisher made a motion to carry forward the operating surplus from fiscal 1996-7. Mr. Sherman seconded, and the motion was carried.

3. New Business

1. Third Party Gas Provider Agreement - the vendor who provides Gas to The Enclave under a 50/50 cost savings share agreement over the local provider is willing to extend a 60/40 agreement to The Enclave in return for a longer term agreement of five years. Both Chamonix and Woodrun Place have entered into the longer term agreement in return for the more favorable split of cost savings over the costs of the local provider. Mr. Fisher made a motion to accept/reject the extended term agreement, and Mr. Sherman seconded. The motion was carried.
2. Budget 1997-8

Assessments are proposed to drop by about 10%, even with a \$16,000 provision for future siding stain (\$80,000 spread over five years).

Operating Fund

Revenues, excluding assessments, are expected to drop on reduced Interest Income. As the Finleys are now current on their assessments and participating in the rental program, management does not expect them to become delinquent and generate Interest Income.

General & Admin expenses are proposed to increase by \$3,343, or 2.55%, primarily on higher Director=s Expenses and Miscellaneous costs. Signage design fee is budgeted to be charged against G&A Miscellaneous Costs, as is an outside appraisal of building replacement value. Insurance cost is based upon premiums without any change to replacement value, pending outside appraisal.

Utilities are projected to increase by 10.99%, as management expects Gas prices to rise dramatically on flat consumption in the budget year. Water, Trash Removal, and Electric costs are all expected to increase over actual 1996-7 costs, based upon conversations between management and suppliers.

Repairs & Maintenance costs are proposed to increase over 1996-7 by \$28,286, or 19.13%. R&M Contractors is proposed at \$10,000 over 96-7 costs to put topical surface on more 2nd and 3rd floor decks, pending review of test application on 305 authorized by Mr. Sherman. Also allow for start of construction of fire break walls in the elevator mechanical rooms planned for 1996-7, but not done. Bucci has agreed to do the walls on a time and materials basis after completion of the major renovation. Paint budget @ \$6,000 should cover restaining of the unit front doors, with \$2,000 remaining for touch ups related to leaks from expected plumbing failures. Snow Removal estimated to increase by 20% over 96-7 for expected high volume snow year.

Reserve Fund

After three years of accelerated assessments to correct under-funding to the Reserve, in our opinion the Association can now substantially reduce the Reserve assessment. Arrival center debt is retired, and no further debt service is planned.

Assume that rent by SLC on the arrival center office @ \$5,665 per year will adequately fund future replacement of lobby furnishings, meeting room equipment, carpeting, wall treatments, and draperies. Current positive reserve at the end of 96-7 dedicated to future work in the arrival center is \$8,143.

Line funding for Domestic Boiler #3, Grounds Lights, Hallway Lighting Replacement, and Pool Deck are adjusted to increase funding for future work. Fluorescent Retrofit and both Pool Deck (Partial) repairs have been fully funded, and no additional assessments will be scheduled for these line items.

All line items that had negative balances in past years are now positive or zero, meaning that all costs for Reserve repairs or replacements that occurred before October 1997 have been paid. Assessments for the Reserve Fund are now allocated solely to future or current year replacements or repairs.

Annual Reserve Fund contribution is proposed to drop from \$79,441 to \$35,807, pending Board approval. Mr. Fisher made a motion to approve the budget. Mr. Sherman seconded, and the motion was carried. The Board instructed management to issue the first billing installment in November 1997, with subsequent billing to go out on the normal, annual schedule.

3. Roof Drain Blockage - Joe Porcaro is working with B&R Septic to relocate the drain line from the ground level near the employee unit to the drainage ditch. Although the roof drain is cleared to ground level, the snake line cannot clear it to the ditch. At this point, if the vendor cannot locate the underground portion of the line, management intends to install a new line from the base of the building to the ditch, as that can be dug with less damage to the sod in front of the building.
4. Adjournment

1. The meeting was adjourned at 9:00 P.M..

Respectfully submitted,

Glen Fisher, Secretary

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