

THE ENCLAVE ASSOCIATION
BOARD OF MANAGERS MEETING
September 17, 1998

I. Call to Order

Glen Fisher, President of the Board, called the meeting to order via telephone. Jamie Murray and Andy Jacob were present via phone, as were Mike George and Joe Porcaro of Snowmass Lodging Company at 2:00 P.M..

II. Old Business

A. Approval of Minutes - Board meeting of March 8, 1998

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

B. Exterior Renovation Status –

1. Chimney Caps

A chimney cap has been partially modified and reinstalled on the chimney stack of units 101, 201, and 301. The modifications included cutting the vertical supports and welding them to fit outside the perimeter of the existing brick chimney onto a newly installed metal platform about one foot below the top of the brick. The contractor failed to install any mesh to hide the existing smokestacks.

In management's opinion, the modified caps do not represent any real improvement over the last version installed by the contractor. With approaching cold winter weather, management recommends scrapping the chimney caps. Mr. Fisher made a motion to scrap the project. Mr. Jacob seconded, and the motion was passed. Mr. Porcaro will notify Mr. McGarry to dispose of the chimney caps stored offsite. Mr. Porcaro will rent a torch, cut up the caps stored on site, and dispose of them.

2. Rail Paint –

The subcontractor, Brush N Stuff, has not made much progress on repainting the rails as of September 14, 1998. However, Patrick McGarry has assured management verbally that the rail painting will be completed before September 30, 1998. Management advised Mr. McGarry on September 14, 1998, that the Board most likely would hire another painter to repaint the rail sections in the spring, if the current subcontractor could not complete the work before September 30, 1998. Further, management advised Mr. McGarry that the Board would most likely not authorize any disbursements until the rail paint problem was corrected, and that management would not attempt to paint the rails until spring of 1999.

Mr. Fisher advised the attendees that he had spoken with Mr. McGarry on

September 16, 1998, and had advised him that the Board was not happy with the delay. Mr. Fisher added that, if Norris made a "best effort" attempt to finish this fall, then the Association would allow the contractor to repaint the rails in the spring. The Board's primary concern is that any rails painted this fall may not match the new paint applied to the remaining rails subsequently in the spring.

During his last property walk with Mr. Porcaro, Patrick McGarry advised Mr. Porcaro that he has pictures from early last winter season showing ice buildup on the exterior siding from Aspen Ski company snow guns located adjacent to the Enclave property. Mr. McGarry has further advised Mr. Porcaro that his company will not honor warranty claims for failure of either the stain or the new wood installed during the renovation project in these sections of the building.

Mr. Fisher asked management to document the problem by obtaining copies of the photographs and sending a letter to the Ski Company advising of the potential of a future insurance claim.

The Board authorized payment of the architect's bill through August 1998.

C. Brush Creek/Burlingame Development –

1. Management checked with Mr. Myler about the Woodrun Place defense strategies against development. At this time Mr. Myler recommends waiting until the submission of the revised development plan later this fall before taking any further legal action. However, Mr. Myler does support the idea of a local petition to use as ammunition in town meetings about development on the ski slopes. To that end, Mr. Bancroft of Woodrun Four Association has prepared a petition approved by Mr. Myler to gain support against development of the ski slopes. A copy of the proposed petition is attached (Attachment 1). Mr. Murray advised that he and Mr. Porcaro had attended a meeting with Mr. Bancroft and others to discuss the development. Mr. Jacob cautioned that some homeowners at the Enclave may actually support the development, as it may positively impact their property values. Mr. Jacob commented that he would not want to be categorically opposed to any development on ski slopes, as some development may prove to be beneficial. Mr. Jacob also noted that he had had discussions with Mr. Manchester about the legal consequences of approving the development, as it was last presented.

Mr. Murray and Mr. Jacob proposed sending the petition to the owners in a mailing and advising them that they can decide whether or not to sign and return the petition. Mr. Fisher agreed, and management will send out the petition. At this time the Board is not willing to endorse the Bancroft petition. Management will draft a cover letter outlining some of the possible consequences of enlarging base village and reducing the scale of development on Assay Hill for review by Mr. Jacob.

D. Deck Overlay –

1. The vendor who installed the deck overlay on unit 305 has not finished the punch list, despite many months of time within which he could have completed the work. Management does not recommend using this vendor without a substantial performance bond.

The project receiving the highest owner priority to date is concrete work. In anticipation of Board support for concrete work, either replacement or overlay, management has increased the Reserve Fund concrete line item assessment from \$2,000 to \$4,000 per annum. Through fiscal 1998-9, the Association will have \$6,000 available for concrete work. Mr. George asked if the Board prefers an overlay or replacement. Mr. Jacob supports replacement, as overlay products in his experience do not last. The other Board members agreed, and management will take an inventory of the damaged areas and present the list to the Board. Mr. Fisher asked that management get bids on a square foot basis to help plan for the replacement of the deteriorated concrete.

E. Financial Review 1997-8, Unaudited

1. Financial comments are based upon the results of operations through August 1998. Management forecasts that the Association will finish the year in line with the operating budget.

Balance Sheet - The Association has shrunk the gap between the Reserve Fund and Reserve cash accounts from \$7,376 to \$1,077. One owner is delinquent on an assessment of \$2,678 as of September 14, 1998, and management will attempt to elicit payment before year-end.

Operating Statement - Interest revenue is down \$257, as owners have been prompt in payment of assessments.

General & Administrative costs are forecasted to be down \$472 against the budget on lower than planned Interest and Miscellaneous costs, partially offset by increased Directors expenses.

Utilities costs are expected to be up \$1,746 on higher than planned Electric, Water, and Trash Removal costs, partially offset by reduced Gas costs. Management attributes the higher Electric cost to late renovation work, and higher occupancies led to increased Trash Removal expenses in both summer and winter.

Repairs & Maintenance expenses are expected to be over budget by \$826, primarily for higher than planned costs in R&M (SLC), Firewood, and Grounds, offset by low costs in R&M Contractors and Painting. Management attributes the increased costs primarily to renovation-related work.

III. New Business

A. Budget 1998-9

1. Operating Fund

Revenues, excluding assessments, are expected to be flat compared to the prior year.

General & Admin expenses are proposed to increase by \$1,949, or 1.46%, primarily on higher Management and Front Office fees. Management proposes increasing these fees by 3 and 5%, respectively, as wages in the local labor market have increased significantly over the past four years, and SLC has not asked for any change in these fees during that period. Insurance cost is based upon premiums without any change to replacement value. Our insurance agent is attempting to secure umbrella coverage of \$15 million and a lower deductible on mudslide/flood damage insurance. Directors Expense is budgeted at \$700 each for three people to attend the annual meeting, and \$1,000 for the fall budget meeting. Interest cost will continue to fall, as normal loan amortization occurs. Miscellaneous costs are budgeted to drop by \$800, as the actual costs for 1996-7 included both sign design fees and a gift for Mr. Sherman.

Utilities are projected to increase by 4.27%, as management expects continued inflation, based upon conversations with suppliers.

Repairs & Maintenance costs are proposed to increase from those of 1997-8 by \$917, or 0.52%. R&M (SLC) is budgeted to decrease by \$2,000, as work related to the renovation is completed. R&M Contractors is increased to allow for the repair of the fire prevention monitoring system to clear "ghost" troubles and to obtain a good circuit diagram. Apex Security estimates the cost at between \$3,000-\$4,000, depending upon actual time and materials used. Mr. Fisher asked management to try to get a competitive bid, and Mr. Murray advised that Apex Security has a strong monopoly on this business. Management will contact Fortress Security to get a competitive repair rate.

We no longer use the elevator inspection company, and owners do not rank construction of the fire breaks in the elevator mechanical rooms as a high priority. Firewood costs are budgeted to be \$2,749 lower than in 1997-8, as we do not expect to pull firewood from the decks to allow for renovation painting. The Paint budget @ \$4,000 will not provide enough funds to re-stain all of the unit front doors this year. The funds will be used for touch ups related to leaks from plumbing failures, with the balance being deferred

until there is enough to paint all of the front doors. With a deferral of \$16,000 in this proposed budget, the Association will have \$32,000 reserved for future exterior painting.

2. Reserve Fund

The Reserve Fund Assessment is proposed to increase by 2.72%, or \$974. The Roof replacement annual funding is set at \$6,750 per year, and the Garage Roof replacement cost is increased to \$25,000. Under Boilers & Hot Water Systems, we have increased the funding for Driveway and Pool Boilers, and we have decreased the funding for Domestic Boilers and Circulating Pumps to better match the useful lives and costs of these assets. We have also increased funding for Window Replacement and Concrete Work. Last year we replaced more fogged windows than in past years, and we anticipate that the Board will approve increased funding for concrete repairs. Grounds and Hallway Light Replacement lines have been reduced to match schedules that will allow for replacement to begin in 2000. Management also recommends that the Board consider replacing the coping stones and pool tile during the 1998-9 budget year, as these elements are worn and deteriorated. The Pool deck/Coping/Tile line has been adjusted, accordingly.

3. Summary

Assessments are proposed to increase by 7.66%, or \$29,384, to \$413,134. Actual expenditures are budgeted to increase by 1.64%, or \$6,796, as the Association had a surplus of \$22,488 from 1996-7, which effectively discounted 1997-8 assessments. Mr. Jacob made a motion to approve the proposed budget. Mr. Fisher seconded, and the motion was passed. Assessment billings will be mailed to owners in October 1998. Mr. George will draft a cover letter to go out with the statements. Mr. Jacob expressed concern that \$16,000 per year in assessment for future exterior paint costs may not be sufficient, and he asked management to prepare an analysis of assessment costs for the last five years for presentation to the Board.

B. Date of Next Annual Meeting

1. By vote last year the members established the month of the annual meeting to be in March of each year. Mr. Fisher made a motion to set the meeting date as March 7, 1999. Mr. Murray seconded, and the motion was passed.

C. Management Contract Renewal

1. The Enclave Board verbally extended the management agreement in a meeting last year at Mr. Sherman's unit to May 1, 1999. The Woodrun Place Association has requested that management submit a contract extension proposal beginning on May 1, 1999, as that date coincides with the end of the term of management under their contract.

Management has prepared a draft renewal for the same three year term as the original agreement with text additions italicized, in bold face, and underlined. Recommendations for text deletions are lined through.

Under our agreement through the WCE committee, the management contracts governing the associations must be substantively the same. Accordingly, we have requested Management and Front Office Fee increases of 3 and 5 percent, respectively, in our budget meeting with Chamonix Association, and we plan to submit the same proposal next week to Woodrun Place at their budget meeting on September 26, 1998. Chamonix has approved the increased fees and the contract extension through May 1, 2002.

Mr. George will mail hard copies of both the old and new contracts to Mr. Jacob, and Mr. Jacob will advise the Board regarding approval/denial of the extension before September 26, 1998, so that management can advise the Woodrun Place Association of the decision of the Enclave Board.

III. Adjournment

- A. The meeting was adjourned at 3:45 P.M..

Respectfully submitted,

Andy Jacob, Secretary

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