

THE ENCLAVE ASSOCIATION
BOARD OF MANAGERS MEETING
October 5, 2001

I. Call to Order

Glen Fisher, President of the Board, called the meeting to order via telephone at 9:00AM. Jamie Murray and Andy Jacob were present via phone. Mike George and Joe Porcaro of Snowmass Lodging Company were present at The Enclave.

II. Old Business

A. Approval of Minutes - Board meeting of March 6, 2001

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

B. Development on adjacent properties—

1. Brush Creek/Burlingame Development
2. The Timbers
3. The Snowmass Club

C. . Grounds Architectural Plan

1. The landscape architect is developing a questionnaire to be distributed to the owners. The questionnaire is designed to help the architect understand the priorities of the owners for the grounds. The architect should have preliminary ideas ready by November for Board review, so that a final plan can be completed for presentation to the owners at the March annual meeting.

Mr. Porcaro advised the Board that the topographic map was completed and available for use by the landscape architect. Mr. Fisher asked management to distribute any updates on the project, as soon as they were available. Mr. Jacob asked if we should send the owners some color photos of the different sections of the grounds where investment is being considered. Mr. Fisher commented that the Board could prioritize the draft questionnaire, and Mr. Jacob noted that the Board may be the appropriate entity to direct the architect on the proposal preparation for review by the owners at the annual meeting. Mr. Fisher asked Mr. Porcaro to have the landscape architect produce a timetable for the Board's information. Mr. Porcaro will

forward the draft questionnaire to the Board members for review as soon as it is available.

Mr. Murray asked about what limits ground floor owners have as to improvements that can be performed to limited common elements. Mr. Jacob noted that, in general, as long as the materials used in the improvement conform to those used throughout the rest of the building, he is in favor of allowing owners to perform the improvements. Mr. Jacob also commented that, as long as the individual owners contemplating improvements are willing to accept the cost of any additional maintenance necessitated by the improvement, he would generally be in favor of allowing these kinds of improvements.

Mr. Fisher asked management to draft criteria for parameters on improvements to limited common elements, such as decks.

D. Financial Review 2000-2001, Unaudited

Financial comments are based upon the results of operations through August 2001. Management forecasts that the Association will finish the year with an operating surplus of \$20,652, or 4.89%. Savings to plan are in three primary line items – Snow Removal, Grounds, and Custodial expenses. Snow Removal and Custodial costs were under plan because of reduced snow fall and correspondingly lower occupancies last winter. Grounds expenses were down, as some of the projects that we anticipated performing through outside vendors were done by Mr. Porcaro and the staff.

Balance Sheet – All owners are current on payment of assessment accounts. The balance sheet shows reduction of debt from last year, Reserve Cash in excess of the Reserve liability, and cash position is strong relative to past years.

Operating Statement – Categorical revenues and costs are all projected to be relatively flat, as compared to the plan, excluding the savings in the three maintenance line items noted above. Other variances in various line items are primarily offsetting.

E. Operating Surplus

1. Management recommends that the Board entertain a motion to transfer any operating surplus from the 1998/1999 fiscal year to the Reserve Fund to first, be allocated to offsetting the cost of the new Fire Panel; second, be allocated to the cost of the boiler replacement; and third, for the balance to be dedicated to offset some of the costs of the grounds program discussed under section D above. An alternative allocation of the remaining surplus is to dedicate it to sanding and restaining the entry doors. Mr. Fisher made a motion to allocate any operating surplus remaining above the costs of the

fire panel and the boiler replacement to grounds project, and Mr. Murray seconded. The motion passed.

Renovation Fund Surplus – After final payment for the new signs, management expects to have about \$4,000 remaining in the Renovation Fund. After discussion Mr. Fisher made a motion to transfer this balance to the Reserve Fund concrete line. Mr. Jacob seconded, and the motion passed.

III. New Business

A. Budget 2001-2002

1. Operating Fund

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

General & Admin expenses are proposed to increase by \$4,134, or 3.08%, primarily on higher Insurance and Director's Expenses, as other categorical line item variances as compared to the prior year are offsetting. The insurance carrier is proposing an increase in premium, and the insurance broker is recommending an increase of 5.00% in the replacement cost of the structure, which equates to a cost increase of \$1,659. Directors Expense allows for reimbursement of \$700 per Director to offset the costs of travel for three Board members to attend one meeting on site and to participate in one conference call meeting with one board member attending on site. For reimbursable expenses directly back to the management company, Vehicle Rental is proposed to increase by \$500 to offset higher fuel costs and Direct Office Expense is proposed to increase by \$300 for the increased costs of postage and paper supplies.

Utilities are projected to increase by \$3,668, or 5.15%, as management expects continued inflation, based upon conversations with suppliers. Our gas supplier recommended a higher budget, but we anticipate cost containment with the new boilers to minimize the impact of higher unit gas prices.

Repairs & Maintenance costs are proposed to increase from those of 1998-9 by \$24,845, or 15.56%. R&M (SLC) is budgeted to increase by \$1,210, or 5.00% on a proposed increase in the hourly rate from \$25 per hour to \$26 per hour. R&M Contractors is increased to allow for landscape architect and related fees. The forecast for 1998-1999 includes the anticipated payment of \$7,700 to prepare the proposal for the 1999-2000 annual owners meeting. As this amount is extraordinary and above the costs we normally expect to bear in this line item, we have adjusted the 1999-2000 budget, accordingly. We have also adjusted the budget up for the additional \$13,300 in fees related to this project that will become due next year. The Board instructed management to record the fees for the proposed landscape project to Special Projects, and management adjusted

the budget accordingly. Pool Maintenance and Groundskeeping have been also been increased by 5.00% to allow for the proposed rate increase from \$25 per hour to \$26 per hour. Firewood has been increased by \$1,000 in the anticipation of higher occupancy and increased consumption. Window Washing has been increased by 10%, as the contract vendor has also had increased wage costs. Snow Removal is budgeted to increase by \$10,771 in anticipation of costs more in line with our historical averages. Custodial Expenses have been increased by 14%, as management proposes increasing the housekeeping rate from \$21 per hour to \$25 per hour in recognition of the critical shortage of local housekeeping labor.

Management's strategy is to wholly pass on the proposed rate increase in the form of wages and benefits to prospective housekeeping staff, as a new INS office is due to open in Glenwood Springs, and much of the local labor force is reported to be leaving the valley. This will have the unfortunate effect of reducing the number of available workers and increasing the wages and benefits that must be offered to secure staff members for the upcoming season. Management has included \$1,000 in the proposed budget to allow for a spot roof repair, as the garage roofs have lasted past their anticipated useful lives.

With a deferral of \$16,000 in this proposed budget, the Association will have \$48,000 reserved for future exterior painting.

2. Reserve Fund

The Reserve Fund Assessment is proposed to increase by 14.31%, or \$5,264. Under Boilers & Hot Water Systems, we have adjusted the fund to allow for the anticipated acquisition of two new boilers to replace the three old ones. We have adjusted the anticipated useful life and cost of the Circulating Pumps, they are included in the boiler replacement proposal, and we have adjusted the useful life of the Pool Deck. We have also increased funding for Window Replacement, as management has a long list of fogged windows that will need to be replaced this year.

Mr. Porcaro noted that he has investigated the replacement cost of the elevator lights. Dover has prepared an estimate to add a second light set to each elevator and to add new diffusion panels. The price is about \$2,500 per elevator. After discussion of the choices and prices, Mr. Fisher made a motion to disapprove of the project, and Mr. Jacob seconded. The motion was passed. Mr. Porcaro will continue to gather information on different options to present at the next Board meeting.

3. Summary

Assessments are proposed to increase by 4.22%, or \$17,445, to \$430,579. Assessments over the past five years have a compound inflated rate of 0.1754%. 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 1999. Mr. George will draft a cover letter to go

out with the statements.

B. Proposed Tubing Hill Location

1. The Board discussed the proposed location of the tubing hill. Some of the initial concerns were; using down lighting (100% horizontal cutoff), no shining on adjacent buildings, the hours of operation reduced to 7:00 P.M., the location of the tow rope, and moving the tubing hill down 200 feet to protect ski out trail.

C. 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. The annual meeting is set for March 5, 2000.

III. Adjournment

- A. Mr. Fisher made a motion to adjourn the meeting, and Mr. Murray seconded. The motion passed, and the meeting was adjourned at 10:25 A.M.

Respectfully submitted,

Andy Jacob, Secretary