

THE ENCLAVE ASSOCIATION
BOARD OF MANAGERS MEETING
October 22, 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. Andy Jacob made a motion to waive the reading of the minutes of this meeting. Mr. Glen Fisher seconded, and the motion was carried. Mr. Andy Jacob made a motion to approve the minutes of this meeting, and Jamie Murray seconded. The motion was carried.

B. Development on adjacent properties—

1. Brush Creek/Burlingame Development – The developer, now comprised of Intrawest and The SkiCo, is holding public meetings about the future development of Base Village. There is nothing binding about the discussions at these meetings, and there is no timetable yet published on when a concrete proposal will be available for review.

C. Financial Review 2000-2001, Unaudited - Management projects that the Association will have an operating surplus of \$17,277 from this year. Savings are primarily in the R&M category for SLC R&M, Snow Removal, and Grounds line items.

Balance Sheet – The owner of EN109 is delinquent on the last assessment of the prior year. Mr. Porcaro has contacted him, and payment is forthcoming. The balance sheet shows reduction of debt from last year, Reserve Cash approximately equal to the Reserve liability, and cash position remains strong.

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.

D. Grounds Architectural Plan

The contract with Alan Styers is awaiting final review and execution by both parties. The main changes to the program at this time are the driveway snowmelt coverage down to the original footage. The original footage is the south sections by the carports, and the entry drive is under consideration for replacement, depending upon the budget to be produced by Mr. Styers. The other main change is the change from pavers to stamped concrete for the hot tub and pool decks. Glen Fisher requested that Joe Porcaro advise Alan Styers that the \$40,000 fee needs to be included in the total budget for the renovation program. After discussion the Board requested that Joe Porcaro advise Alan Styers to produce a budget limited to \$350,000 plus his fees, or \$390,000 for the project and see what he can produce.

E. Operating Surplus

After discussion the Board of Directors voted to allocate up to \$2,000 to study the feasibility of conversion of the ski shop through Alan Styers. The Board voted to attribute the remainder of the audited surplus to the concrete line in the Reserve Fund.

III. New Business

A. Budget 2001-2002

1. Operating Fund –

The rental program can no longer support the administrative costs of the Association without larger payments for the services provided. Management has three proposals currently under review by the Associations –

1. Fee increases to maintain existing service levels.
2. Service cuts with fees held to last year's levels.
3. Combination of 1 and 2.

WP has chosen option 1, as the other operating costs in their plan are projected to rise by 1.88%. The increase in the WP operating budget for next year is \$48,104. WP expects management to have a staff reduction plan in place, should occupancies suffer drastically.

CX has also chosen option 1, as they do not want to consider service reductions at all. The Board does not want the risk of reputation loss that might impact property values.

EN – Option 1

1 - General & Admin expenses are proposed to increase by \$43,003, or 30.07%, primarily on higher Management Fees, Front Office Fees, 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 has received a quote for coverage that is 20.45%, or \$6,790 higher than last year, primarily because of reinsurance costs for values over \$10 million related to the terrorists attacks this month. 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.

Utilities are projected to increase by \$1,566, or 1.82%. Management expects nominal inflation in all items except Gas, where we expect some reduction in unit cost. The premise is that consumption domestically will

stay at a reduced level, increasing supply and putting downward pressure on price. However, management has not tried to factor in any reduction in Gas prices in the plan, as the market may change without warning.

Repairs & Maintenance costs are proposed to increase from those of 2000-2001 by \$15,247, or 9.49%. R&M SLC and Contractors are proposed to increase 3-5% on anticipation of general work, as the property ages. Pool Maintenance is proposed to increase by \$7,000 for sandblasting and water line tile replacement. Firewood has been increased by \$2,283 based upon consumption in past years. Painting costs are expected to decrease by \$3,413, as the arrival center was just painted this fall, and much of the main structure was also repainted. Snow Removal is proposed to increase by \$8,407 to the costs we typically see in a normal snowfall year. Management expects lower roof costs next year, as we just installed the last diverters and are allowing for only spot work in the plan.

Management proposes returning to a funding level of \$16,000 for Deferred Painting.

2. Reserve Fund

The Reserve Fund Assessment is proposed to decrease by 17.29%, or \$5,823. We have extended the anticipated useful life of the Door Kick plates. We have reduced the concrete line item funding to \$9,375 per year. Interest Income to the fund is also expected to reduce the assessment required by \$4,764.

3. Summary

Option 1 - Assessments are proposed to increase by 7.35%, or \$31,653, to \$462,532.

Option 2 – Preliminary discussions with the three Board Presidents led to the elimination of this option.

Option 3 – Assessments are proposed to increase by 4.99%, or \$21,503, to \$452,383.

Glen Fisher made a motion to approve the proposed budget under option 1, Andy Jacob seconded, and the motion was passed. Assessment billings will be mailed to owners in October 2001. Mr. George will draft a cover letter to go out with the statements.

B. Electronic key system

Joe Porcaro presented information regarding electronic keying systems. The systems could be installed property wide or on a unit-by-unit basis. Two of the primary advantages of the systems include: providing for lock-out of the previous key (re-keying the lock) when a new guest arrives, and an audit trail for all entries. The Board discussed alternatives and decided to defer the issue to the annual

meeting.

C. Date of Next Annual Meeting

1. By vote, at the March 9, 2001 Annual Association Meeting, the members established that the next annual meeting will be March 3, 2002.

IV Adjournment

- A. Andy Jacob made a motion to adjourn the meeting, and Jamie Murray seconded. The motion passed, and the meeting was adjourned at 10:00AM.

Respectfully submitted,

Andy Jacob, Secretary