

THE ENCLAVE ASSOCIATION

BOARD OF MANAGERS MEETING

October 3, 2002

I. Call to Order

Glen Fisher, President of the Board, called the meeting to order via telephone at 9:00AM. Andy Jacob and Mel Blumenthal were present via phone. Mike George, Joe Porcaro, and Dan Dimaria of the management company were present at the Enclave.

II. Old Business

A. Approval of Minutes - Board meeting of March 6, 2002

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

B. Brush Creek/Burlingame Development

The Town Council will vote on the sketch plan on Oct 7, 2002. If approved, the development will then enter into the preliminary plan stage. In preliminary stage, much greater detail of presentation is required of the developer. The Association will have opportunities to challenge the specifics of the development via photographic depiction of elevations from the perspective of various adjacent units at The Enclave. Mr. Blumenthal noted that he and three other homeowners had written to the planning commission about the limited access around tube town to Assay Hill. Access difficulties are pertinent in that one of the proposed structures of this development will be situated in the same approximate location as tube town.

C. Grounds Renovation

The project is nearing completion. We removed a small section of the new pool deck surface to repair leaks in the underground piping between the pool and the mechanical room. We have repaired one leak, identified a second, and are testing for other leaks.

Remaining Tasks

Paint new railings
Stain new light posts
Pour ski access walkway between building wings
Purchase two more benches
Caulk concrete joints at pool and spa decks and driveway and parking areas
Repair siding damage to carport areas
Replace metal flashing along NE carport knee wall

Financial Summary Costs

Expenditures to date	\$461,392
Revised Budget	\$624,330
Remaining Expenditures	\$162,938

Fund Sources

Assessment	\$415,050
Interest	\$ 19,115
Concrete Line Reserve Fund	\$112,934
Operating Surplus Prior	\$ 38,893
Operating Surplus Current	\$ 49,556

Total Funds	\$635,558
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Uncommitted Funds	\$ 11,228
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Mr. Fisher made a motion to transfer up to \$49,566, or the remaining operating surplus from 2001-2002 operating fund, to the renovation fund to pay for the remaining costs of the project. Mr. Jacob seconded, and the motion passed. Mr. Jacob made a motion to transfer any remaining operating fund surplus not needed to complete the grounds renovation to the Reserve Fund for the concrete replacement line item. Mr. Fisher seconded, and the motion passed

Mr. Blumenthal noted that planning for continuing the landscaping work out in front of the carports and planning for either replacement or overlay of the concrete walkways

D. Financial Review 2001-2002, Unaudited

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 \$49,566, or 11%. Savings to plan are in most line items, due to limited occupancy during the grounds renovation program. We did exceed budgeted line expenses in Phone Equipment because we had to replace a main cable that connects The Enclave and the other properties we manager to the common phone switch. Pest Control was over plan because we serviced the outside of the structures to try to reduce the spiders and flies.

Balance Sheet – All owners are current on payment of assessment accounts. The balance sheet shows reduction of debt from last year, reductions in both cash and liabilities related to the renovation fund, and reductions in the reserve fund for the transfer of the concrete line item proceeds.

Operating Statement – Categorical revenues are projected to be relatively flat, as compared to the plan, and expenses are lower in most categories because of limited occupancy during the renovation work.

III. New Business

A. Budget 2002-2003

Operating Fund

Revenues, excluding assessments, are expected to be flat, compared to the prior year budget, excluding consideration of the costs of adding High-Speed Internet access and the owner grounds committee.

General & Admin expenses are proposed to increase by \$4,723, or 3%, primarily on higher Insurance and Director's Expenses, partially offset by expected reductions in Phone Equipment Expense. 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, and a cost increase of 10%. 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 two or three conference call meetings, depending upon call duration. For reimbursable expenses directly back to the management company, Management Fees and Front Office Fees are proposed to increase by 1% each to help offset the permanent loss of another rental unit due the combination of unit 206 into units 106/107.

Utilities are projected to increase by \$13,815, or 18%, as management expects gas costs to increase for the snow melted areas, and the gas supplier expects price inflation during the budget year. Management expects Electric and Water expenses to return to those of prior years.

Normally, management relies primarily on prior year costs and identified physical plant needs to create the budget for Repairs and Maintenance. This year, we have developed the plan to be based primarily upon the prior year's budget with adjustments reflect the reduced need for Snow Removal and reduced Pool expenses. We expect Pool costs to be reduced from the prior budget, as we planned to paint it in the prior budget year and will not need to do so again for some time.

With a deferral of \$16,000 in this proposed budget, the Association will have \$59,348 reserved for future exterior painting.

High-speed access to the Internet - A plan to install HSIA (High Speed Internet Access) throughout the properties was discussed. The plan uses present phone lines to condominiums with a connection module in each condominium (about the size of a PDA and can be easily hidden out of sight – it does require a power outlet) that each user connects to his computer and telephone. The connection splits the voice and data while allowing simultaneous use of both without an interruption of one or the other. The system connection would allow access to a maximum 1 megabit per second connection system-wide (if and when needed a 26mb upgrade is available for substantially more \$). It is plug-and-play ready, meaning anyone can plug any computer in and the HSIA software will automatically adjust it's settings so that the user can connect without reconfiguring their computer.

The Board discussed the proposal. Woodrun Place and Chamonix have already voted to approve the acquisition at their budget meetings – Woodrun Place voted to fund it with a special assessment, and Chamonix voted to include it in their operating assessment, with a not-to-exceed total of 110% of \$60,000, or \$66,000. The maximum cost to The Enclave is

21,098.36, or \$540.98 per unit on average. Mr. Fisher made a motion to approve the acquisition of Cisco solution for high-speed Internet access. Mr. Jacob seconded and the motion passed. The Enclave Board decided to assess for its costs by levying a special assessment.

Owner Grounds Committee Recommendations

Trash & Recycling Bins – to be located at the base of each stairwell – anticipated cost = \$4,500 – Funding source = capital personal property acquisition loan from Reserve Fund recaptured through depreciation costs in the operating budget (Increase operating budget depreciation). The Board approved the purchase of the bins.

Pool Furniture- need one table with chairs and umbrella and 12 lounge chairs-anticipated cost = \$4,000 - funding source = operating budget adjustment. The Board approved the purchase of the pool furniture.

Potted Flowers – to be located at the pool and hot tub decks – anticipated cost = \$1,000 – Funding source = existing grounds budget, no cost increase. The Board approved the potted flowers.

Snow Fence – 4X4 wood post, chain section fence to be located above the southwest carports – anticipated cost = \$1,500 – Funding source = operating budget adjustment

Vending Machines – vendor supplies and located in the exercise room. The Board approved putting vending machines in the exercise room.

Elevator Cab Improvements – complete renovation – anticipated cost unknown – funding source = special assessment. Defer to annual meeting for more feedback from the owners.

Reserve Fund

The Reserve Fund Assessment is proposed to increase by \$19,571, or 70%.

Changes:

Increased funding for the Driveway Boiler to reflect the prior year cost

Increased funding for Pool Boiler to reflect the prior year cost

Decreased funding for the Spa Boiler to reflect full funding of anticipated replacement cost

Increased funding for new Pool Deck to reflect prior year cost

Increased funding for Heated Stair Replacement to reflect prior year cost

Omitted any funding for the Spa Shell Replacement. The spa is now essentially a small pool and we do not foresee the need to fund for its complete removal and replacement.

Omitted any funding for replacement of the Spa Deck, as we believe we have enough money allocated for its replacement under the Pool Deck category.

Removed credit funding for Miscellaneous. Line is used for anticipated interest on fund cash balances. As interest rates have dropped significantly and fund balances have been reduced from the prior year, we have included no discount in the Reserve Fund assessment for anticipated interest income.

Summary

Assessments are proposed to remain flat to last year's, with adjustments to both the Operating and Reserve Funds to reflect the capital investment through the grounds renovation program, and excluding the costs of proposed items from the Grounds Committee and the costs of acquiring high-speed Internet service. Assessments over the past eleven years have a compound inflated rate of less than 3%. Over the past six years, assessments have increased by a compounded rate of less than 2%.

Mr. Fisher made a motion to approve the proposed budget, as amended to reduce the deferred paint line item from \$16,000 to \$6,000 to offset the costs of purchasing the trash bins, pool furniture, and snow fence, as recommended by the owner grounds committee. The grounds committee projects will be charged to the Special Projects line item, which will now be budgeted at \$10,000. Mr. Jacob seconded, and the motion was passed. Assessment billings will be mailed to owners in October 2002. Mr. George will draft a cover letter to go out with the statements.

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 2, 2003.

III. Adjournment

- A. Mr. Blumenthal made a motion to adjourn the meeting, and Mr. Fisher seconded. The motion passed, and the meeting was adjourned at 10:15am.

Respectfully submitted,

Andy Jacob, Secretary