

THE ENCLAVE ASSOCIATION

BOARD OF MANAGERS MEETING

September 27, 2005

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order via telephone at 8:30AM on September 27, 2005. In attendance were Mel Blumenthal, Oscar Novo, Mike George, and Joe Porcaro, and participating via phone were Glen Fisher, Ed Wissing and Lonnie Klein.

II. Old Business

A. Approval of Minutes - Board meeting of April 7, 2005.

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

B. Base Village Development

Base Village is moving along at a slower pace than originally contemplated due to delays in obtaining the 404 permit from the US Army Corps of Engineers and delays caused by the Referendum voting process earlier this year. All on-mountain improvements scheduled for completion this year will be completed prior to the opening of ski season. Completion of the first above grade structures, such as the Children's Center, is now expected to be one year behind the original schedule. The developer anticipates making up the lost time within the next three years and still anticipates completion of the project on the original schedule.

Mr. Blumenthal has been appointed to serve on the Base Village Advisory Council, which will meet monthly in Snowmass until completion of the project. If you have any questions, concerns, problems or suggestions regarding Base Village construction management or other Base Village issues please e-mail him at melpaul1@earthlink.net. Mr. Klein asked about status on the gondola turn station. Mr. Blumenthal replied that Mr. Novo, Mr. George, Mr. Porcaro, and he had attended a meeting in August with Victor Gerdon at the site, using height poles for reference on the proposed location of the turn station. Our conclusion was that the developer had located the turn station in the best possible site, from the perspective of the Enclave owners. Mr. Blumenthal further commented that the developer has agreed to codify the agreements reached at this and prior meetings. However, the developer has yet to produce a draft of this document, most likely delayed because of overall delays to the Base Village project.

C. Owner Grounds Committee Recommendations/State of the Property

1. Completed projects

- a. The planting plan at the rear entrance has been completed, with six new evergreen bushes recently planted.
- b. The interiors of the wooden stairwells have all been painted.
- c. The parking areas have all been cleaned and pressure washed.

- d. All of the railing caps and the courtyard exterior walls were painted or stained.
- e. The arrival center countertop was replaced.
- f. All of the aggregate has been resealed.
- g. Splash stones were added below the exterior walls.

2. Projected proposed to be completed this fall

- a. Refurbish elevator cabs.
- b. Recarpet and clean luggage carts.
- c. Paint/stain the carport knee walls on the side facing Wood Road, and various wall sections that are showing accelerated wear.
- d. Repaint arrival center interior, replace carpet, reupholster furniture, and replace coffee/tea service.
- e. Add decorations to east elevator waiting areas.

The painting costs for the arrival center will come from funds in 2861. Management will prepare a motion for the annual meeting for the members to approve a transfer of an amount equivalent to the arrival center paint costs from 2861 to the operating fund paint line item. After discussion the Board decided to delay replacement of the carpet and upholstery of the furniture. Mr. George recommended a different accent color in the next carpet to be something other than white. Mr. Porcaro described an upgraded textured surface for the knockdown texture currently on the walls at the upper level, no changes to the green wall vinyl wainscoting, and no changes to the lower meeting room. Mr. Blumenthal recommended obtaining a coffee service furniture piece to match the existing arrival center furniture. After discussion the Board agreed that refurbishing the elevator cabs would be limited to new carpet and swirl polishing the stainless steel walls.

D. Propane Gas Barbeques

The charcoal barbeques for all units were replaced with propane gas barbeques.

E. Concrete Deck Overlay Project

The overlay project was completed.

F. Trex Decking

Owners of units 105 and 113 recently installed Trex decking. Management will post a credit of \$336 to each owner (105, 106, 107, 108, and 113) who has installed Trex decking on the October 2005 Association statements.

G. Gas Bids

Management work on gas bids was deferred until further discussions can be held with the members about the costs of installing individual gas lines and meters to each unit.

H. Financial Review 2004-2005, Unaudited

Management forecasts that the Association will finish the year over budget by \$5,330,

primarily for unbudgeted architectural costs to draft plans for the old ski shop, unexpectedly high inflation in the costs of Electric and Gas service, and Pool Equipment Repairs. Management has deferred some costs into fall of 2005 that would normally occur in the current business year, such as Firewood delivery, Window washing, and Chimney Cleaning, to minimize the budget deficit.

Balance Sheet – One owner is delinquent on payment of assessments. Joe Porcaro has contacted him, and he has agreed to bring his account current in the next few days.

I. Window Replacement Project

The Board has agreed upon Kolbe and Kolbe as the material choice for replacement windows and door walls. The material supplier representative has committed to remeasuring and counting all of the windows and door walls to correct inaccuracies from the last site visit. The labor bid from Snowmass Custom Building, Inc., is fixed at \$240,652. The labor bid from last year at \$210,934 excluded the replacement of 66 sliding door walls and included 22 windows that are no longer scheduled to be replaced (stairwell windows).

The project budget of \$535,000 includes a \$10,000 contingency. Net of a transfer of \$15,038.75 from the window line item of the Reserve Fund, the total project assessments are calculated at \$519,961.25. Mr. Wissing made a motion to approve of a special assessment of \$519,961.25, with direction to the management company to rebate any remaining funds at the conclusion of the project prorata to the Enclave members. Mr. Fisher seconded, and the motion passed.

Mr. Porcaro then commented that the labor contractor has requested a deposit of \$25,000 to execute the contract. Mr. Fisher commented that, philosophically, he is opposed to issuing deposits to labor contractors in advance of the performance of work. Mr. George recommended adding a liquidated damages clause to the contract and paying the contractor for time & materials already spent on the project to date. After discussion, the Board decided to have Joe try to negotiate the deposit down to \$15,000 and to rework the rest of the deposit schedule to more closely match the actual work schedule.

The materials vendor proposes a deposit of 10% of the material cost with the order, balance due upon material delivery, excluding retainage of \$10,000 for thirty days after delivery of the windows to allow for a reasonable inspection period. Mr. Fisher commented that we should secure our fixed material pricing as soon as possible to avoid price inflation and request a change on the retainage to 10% of the order, instead of \$10,000. Mr. Porcaro continue negotiations and will make sure that the written contract includes off site storage and shuttling of material to the job site, as needed, as per previous discussions with the vendor.

Mr. Porcaro raised a new issue about the possibility of upgrading the materials for improved sound and U.V. suppression. After discussion the Board decided to defer the decision on upgrading the material until more information from the vendor becomes available over the next few days.

Mr. Fisher made a motion to approve a temporary loan from the Reserve Fund for the material deposit and a renegotiated deposit to the labor vendor not to exceed \$15,000. Mr. Klein seconded, and the motion passed.

Mr. Novo made a motion to schedule the special assessment to be levied in November 2005, February 2006, and April 2006. Mr. Wissing seconded, and the motion passed.

III. New Business

A. Upcoming Election of Officers to Board of Directors

Mr. Blumenthal reported that he intends to run for reelection to the Enclave Board of Directors, as his current term ends at the upcoming annual meeting.

B. Budget 2005-2006

Operating Fund

The General and Administrative Category is budgeted to increase by \$8,865, or 4%. Management and Front Office Fees are budgeted to match the prior year amounts. Insurance is budgeted to increase by 5% to match estimates from the insurance agent. Accounting and Audit expenses have been the same for two years, so we have budgeted them to increase by 5%. Depreciation is adjusted to the current asset schedule per Reese Henry, plus an estimated increase to depreciate 60% of the acquisition cost of replacement laundry equipment to be located at Chamonix. During the current year, management obtained a discounted, bulk-rate bid to change the wiring between the unit Internet boxes and the phones. The purpose of this change is to minimize random Internet connection drops from simultaneous use of the telephone and Internet in the units. The Enclave Board directed that management plan to have the bulk work done in the fall of 2005, and management has included funds for this work in the line item for Telephone Equipment. SLC has requested an increase in Vehicle Rental cost reimbursements of \$1,925, or 25%, for the year to help offset the recent increases in gasoline prices.

The Utilities category is budgeted to increase by \$31,887, or 29%. Electricity and Gas costs are expected to rise dramatically for unit cost increases, and Electricity is also expected to increase mid-year by 14% to fund the placement of electricity lines below grade along the Brush Creek corridor. Other utility category line costs – Telephone Service, Water & Sewer, Cable TV, and Trash - are budgeted to increase by 4-5%. Mr. Blumenthal requested that SLC remain vigilant on turning heat down, lights off, and letting the SLC know, when members are coming to visit the Enclave.

The Repairs and Maintenance Category, excluding special projects, is budgeted to be about the same as in 2004-2005, with increased Window Cleaning, Chimney Cleaning and Firewood costs offset by expected reductions in Pool Repairs.

Additional Owner Grounds Committee Recommendations

None requested to date.

Reserve Fund

The reserve fund line items have been updated, resulting in a proposed budget of \$40,283, down \$6,579 over the prior year.

Summarized changes:

Description	Life	Cost	Annual Funding
Pool Boiler	0yrs	0	+249.99
Spa Boiler	+ 2yrs	0	+706.41
Windows	0yrs	+350,000	-6,000.00
Brass Kick plates	0yrs	0	+54.04
Fire Alarm System	0yrs	0	0.00
Concrete Work	0yrs	0	-536.89
Miscellaneous	N/A	N/A	-1,052.72

The only significant change in the Reserve Fund is to increase the cost for replacing all windows and door walls, and to stop funding this line for 2005-2006, only, as management anticipates a Special Assessment to replace the windows this year. We expect all work to be performed in the budget year, and we have planned for a transfer of the Reserve Fund line item balance to a Window Replacement Fund.

Summary

Regular assessments were approved by the Board to increase by 7.49%, or \$40,088, including the line item changes to the Reserve Fund.

Mr. Wissing made a motion to accept the budget, as amended for the final Insurance quotes, and including the line item changes to the Reserve Fund. Mr. Klein seconded, and the motion passed. The general assessments for fiscal 2005-2006 will therefore be \$575,599.

Mr. George will draft both a cover letter to go out with the statements and a letter about the window project. Mr. Novo recommended that the window letter includes language strongly discouraging owners from visiting The Enclave between the end of the upcoming ski season and July 1, 2006, to allow the window replacement project to proceed efficiently. Mr. Porcaro recommended that all owners have their blinds cleaned, when they are removed for the window project in the spring.

C. Other Items

The Board members asked Mr. George to check the voice queue process for incoming calls to make sure that, if an attendant is available, incoming calls could be answered by a person. Mr. Novo and Mr. Blumenthal asked Mr. George to work on information exchanges between the front desk staff and the other departments as to status on common area repairs, particularly on weekends during the summer.

The Board established a rule that the pool and hot tub heat would be turned down on September 30, turned back up at the start of the ski season, turned down one week after the end of the ski season, and turned back up on June 15.

IV. Date of Next Annual Meeting

A. By vote the members established the month of the annual meeting to be in March of each year. The annual meeting is set for March 4, 2006, at 4:00 PM.

V. Adjournment

A. Mr. Blumenthal made a motion to adjourn the meeting, and Mr. Klein seconded. The motion passed, and the meeting was adjourned at 10:45 AM.

Respectfully submitted,

Oscar Novo, Secretary