

# **THE ENCLAVE ASSOCIATION, INC.**

## **BOARD OF DIRECTORS MEETING**

**September 27, 2006 and continued to October 11, 2006**

### **I. Call to Order**

Mel Blumenthal, President of the Board, called the meeting to order at 9:30 AM on September 27, 2006. In attendance at The Enclave on September 27th were Mel Blumenthal, Oscar Novo, Mike George, and Joe Porcaro. In attendance via conference call were Glen Fisher, Max Word, Larry Garon, and Lonnie Klein. In attendance at the Enclave on October 11<sup>th</sup> were Mel Blumenthal, Max Word, Mike George and Joe Porcaro. In attendance via conference call were Oscar Novo, Larry Garon, Lonnie Klein & Ed Wissing.

### **II. Old Business**

#### **A. Approval of Minutes - Board meeting of March 5, 2006.**

Mr. Blumenthal requested that management resend a copy of the March 5, 2006, minutes to the board members and defer voting on approval of these minutes until the next scheduled Board meeting.

### **III. New Business**

#### **A. Upcoming Election of Officers to Board of Directors**

Mr. Fisher and Mr. Klein will complete their terms as Board members this year. Mr. Fisher and Mr. Klein both advised that they intend to run for reelection.

#### **B. Budget Process Change**

Mr. Blumenthal requested and management agreed to provide preparatory documents for future budget sessions one week in the advance of the agreed-upon budget meeting date. As there is much information to discuss and absorb this year, Mel requested that the Board consider this meeting a work session, with a budget discussion and budget approval to follow at the continued Board meeting to occur October 11, 2006 at 9:30AM.

#### **B. Base Village Development**

The Board has come to an agreement with the developer about a relocated trailer site for the winter season. As a result of this negotiation the developer confirmed that Enclave members will enjoy improved ski access at the eastern end of the building by unit 101. The access trail will traverse the old tubing hill location. The developer has agreed to pay for some landscaping costs at our entryway as part of this agreement.

The gondola installation appears to be on schedule for operations to begin at the onset of this winter season.

The Aspen Ski Co has initiated construction on the extension of the Enclave slope-side stairways up to the ski trail benches.

Mr. Blumenthal and the other Board members discussed the possible ramifications of the pending sales by the Base Village developer to a new party headed by Pat Smith.

Mr. Garon requested that management take and provide pictures from the 3<sup>rd</sup> floor units showing the placement of the gondola tower poles that have been installed.

C. Owner Grounds Committee Recommendations/State of the Property

1. Completed projects

- a. Refurbished elevator cabs.
- b. Recarpeted and cleaned luggage carts.
- c. Painted/stained the carport knee walls on the side facing Wood Road, and various wall sections that were showing accelerated wear.
- d. Repaint arrival center interior and replace coffee/tea service.
- e. Replaced spa cover
- f. Added blowers to spa jets

2. Projects proposed to be completed this fall

- a. Recarpet elevator cabs.
- b. Stain the south facing side of the building.
- c. Miscellaneous siding repairs
- d. Paint the pool
- e. Purchase new pool cover
- f. Seal exposed aggregate hardscape
- g. Investigate returning to fluorescent lighting for the common hallway lights. The Board requested that management install two fluorescent bulbs in high locations visible from Wood Road, so that they can better evaluate this concept.
- h. Electrical repairs to pool mechanical room

After discussion the following items were added to this list:

- i. Joe to follow up on the back-ordered new screens for the top floor dining room windows.
- j. Mel will work with Victor Gerdin on the issue of hand rails for the two stair improvements that access the to-be-cut Enclave ski trails that will merge with the public ski trail above the property.
- k. Ski/snowboard Peg Boards at the top of the two stairs in item j.
- l. Replacement hot tub jet nozzles to improve air/water flow.

D. Trex Decking

Management posted a credit of \$336 to the assessment statement for 111 and charged the concrete replacement line item of the association budget in September 2006.

E. Financial Review 2005-2006, Unaudited

Management forecasts that the Association will finish the year on budget with a nominal surplus of \$396.

Balance Sheet – Two owners are delinquent on payment of assessments. Joe Porcaro has contacted them, and he requested that these owners bring their accounts current. Mr. Fisher recommended a stronger posture from the Board regarding these two owners, if they remain delinquent for an additional 30 days.

#### F. Window Replacement Project

Work on the window project punch list continues. The contractor expects to complete this work before the onset of the winter 2006-2007 season. To complete the smoke detector installation that is a component of this project and to purchase additional wood to brace the slider thresholds, we anticipate a budget overrun of approximately \$5,000.

#### G. West Electrical Meter Room

We completed repairs to the doors and siding to this room.

### IV. New Business

#### A. Budget 2006-2007

##### Operating Fund

The General and Administrative Category is budgeted to increase by \$34,904, or 14.79%. Insurance is budgeted to anticipate a 20% increase in replacement cost premium. The Board has requested a substantial increase in replacement value from \$351.63 to \$421.96, because of local hyperinflation in construction costs. Accounting and Audit expenses have been increased by 5%. Depreciation is adjusted to the current asset schedule per Reese Henry. SLC has requested an increase in Vehicle Rental cost reimbursements of \$1,925, or 20%, for the year to help offset the recent increases in gasoline prices. SLC has further requested an increase of \$22,437 in Management and Front Office fees to offset increases in wages and benefits over the past three years and to increase the wage rates for staff in the budget year. SLC will commit to passing the entire increase along to its staff in the form of wages, payroll taxes, and benefits expenses, if approved by the Board.

Mel requested that the management find out if the TOSV would allow SLC to gas its vehicles at the TOSV pump and at TOSV prices. Mr. George will follow up with the Town Manager.

The Utilities category is budgeted to increase by \$3,791, or 3%. Electricity costs are expected to increase by 6.5% for the cost of burying the service lines in Snowmass Village, and Gas costs are expected to remain flat to the prior year. Other utility category line costs – Telephone Service, Water & Sewer, Cable TV, and Trash - are budgeted to increase by 2-10%.

The Repairs and Maintenance Category, excluding special projects, is budgeted to increase by 14%, primarily for increased pricing by SLC for maintenance costs to \$35 per hour from \$30 per hour in light of staffing pressures created by tighter immigration rules, oil and gas

exploration along the I-70 corridor, increased commercial development along the I-70 corridor, and base village construction. If the Board approves the hourly price increase, SLC will commit to passing the entire increase along to its staff in the form of wages, payroll taxes, and benefits expenses.

#### Additional Owner Grounds Committee Recommendations

Purchase new artwork for walls of both East and West ground floor elevator landings.

#### Reserve Fund

The reserve fund line items have been updated, resulting in a proposed budget of \$73,698 – up \$33,415 over the prior year.

Significant changes to the reserve fund model are to increase most replacement cost estimates by 20%, commensurate with the strategy to increase insurance replacement cost estimates. Hyperinflation of local construction costs is the driving factor behind this strategic change. Additionally, the model has been increased to accelerate replacement cost funding for the aging elevators by \$15,000 per year and to begin reserving for window replacements again at a cost of \$5,000 per year. Annual funding for line items was also changed to recalculate the annual amounts necessary to reserve adequate cash by the projected replacement dates of the fund components.

#### Summary

Regular assessments were approved by the Board to increase by 17.69%, or \$101,405.21, including the line item changes to the Reserve Fund.

Dr. Word made a motion to accept the budget. Mr. Klein seconded, and the motion passed. The general assessments for fiscal 2006-2007 will therefore be \$674,575.78.

#### B. Other Items

#### V. 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 4:00 PM on March 4, 2007.
- B. Mr. Klein made a motion to approve the transfer of the miscellaneous credit in the reserve fund to the concrete line item after the end of the fiscal year. The current credit is \$2,927.71 and will be changed for September 2006 activity and in response to any recommended changes by the external auditor. Dr. Word seconded, and the motion passed.
- C. Mr. Blumenthal advised the attendees that management has provided some information about replacement front door locks for the consideration of the Board. Management reported that the existing locks have not been manufactured since 1995, and it is unable to locate any more replacement parts. Management worked with an outside consultant to help evaluate possible replacements. The goals management hopes to achieve with a lock replacement system are:

Seamless interface with both the current and future Property Management Systems;  
Swipe keys that become automatically outdated with each occupancy;  
Battery operated to avoid hard wiring costs;  
Audit trail of entries to units

Woodrun Place and Chamonix are expected to approve a system from KABA Ilco, based upon the recommendation of the consultant. The Board members discussed various concerns about the changing from a mechanical key to a swipe key. Mr. Garon reported that, as a recent past owner of a Crestwood unit, he has experience with a conversion to a swipe key system. The swipe cards in use at The Crestwood do lose their magnetic encoding on a random basis, and he did report some inconvenience with having to return to the desk to obtain replacements, when this occurred. However, he noted that this inconvenience needed to be balanced against the attributes of modernizing the locks. Mr. George advised that there is no line funding in the Reserve to pay for replacement locks. The Board will continue to review this issue over the course of the winter and decide whether or not to join Woodrun Place and Chamonix in a cooperative purchase of the KABA Ilco product or a different lock system.

- D. The Board discussed the concept of unit security checks. Management advised that the budget does not have any funding for nor does management conduct a regular unit check program. In order to institute one the Board would have to decide both the scope of work in the check and the amount of time it should take. Extensive discussion then took place amongst the attendees. The focus of the discussion was the two separate concepts of minimum consumption levels necessary to maintain a core service staff and the cost of consumption necessary to standardize a unit check system. Mr. George noted that 40 hours of consumption on a weekly basis, or about 1 hour per unit per week, would allow the management company to hire a single employee to dedicate to a unit check program at The Enclave. The attendees then discussed how such a system should work for rental unit owners, whose units are usually occupied on a more frequent basis than nonrentals. The Board ultimately deferred any decision on these concepts until The Boards of Chamonix and Woodrun Place met and also held discussions. The Board instructed management to include in the minutes that Enclave members who desire to have a regular unit check on any particular frequency need to schedule it with Joe Porcaro. The service is billable at regular hourly rates.
- E. Mr. Porcaro will provide a copy of a housekeeping checklist that Snowmass Lodging uses for owners at Owl Creek. The intent of the list is to allow owners to designate the items in the unit that they would like to have cleaned and to list any special considerations they might have. Rental units must still receive a check out cleaning at a minimum after an owner departure, but non-rental owners may use the form to designate scope of work at their discretion.
- F. The Board continued its exploratory discussions regarding the potential uses and development of the vacant Enclave owned land on the west side of the property as well as future up-grades to the existing Enclave facilities and structure. It is

anticipated that a more detailed discussion of this topic will be included on the agenda for the Annual meeting on March 4, 2007.

VI. Adjournment

- C. Mr. Novo made a motion to adjourn the meeting, and Mr. Klein seconded. The motion passed, and the meeting was adjourned at 10:30 AM.

Respectfully submitted,

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Oscar Novo, Secretary