

THE ENCLAVE ASSOCIATION, INC.

BOARD OF DIRECTORS MEETING

October 5, 2012

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 11:33 A.M. MT on Friday, October 5, 2012. In attendance at the property were Board members Mel Blumenthal and Lonnie Klein. Oscar Novo and John Henderson were in attendance via conference phone. SLC staff members Mike George and Joe Porcaro were also present and participated in the meeting at the Enclave.

II. Reading and Approval of Minutes

A. Approval of Minutes - Board meeting of October 4, 2011

Prior to the meeting Mr. Porcaro emailed another copy of the October 4, 2011, minutes to the members of the Board. Mr. Blumenthal made a motion to waive the reading of the minutes of the October 4, 2011, Board meeting. Mr. Novo seconded, and the motion passed. Mr. Klein made a motion to approve the minutes of the meeting of the Board held on October 4, 2011, and Mr. Novo seconded. The motion passed.

III. Report of the Officers

A. State of the Property / Grounds

1. Completed projects
 - a. Performed siding repairs
 - b. Pool and Spa boiler replacements
 - c. Added larger pumps to the hot tub recirculation system
 - d. Replaster pool bottom and completed extensive repairs
 - e. Investigate lock replacement ideas
 - f. Performed annual test and inspection on all fire extinguishers and fire alarm system
 - f. Stain various siding sections
 - g. Sealed all exposed aggregate walkways and stairs
 - h. Re-carpeted elevator cabs
 - i. Repaired various front door locks
 - j. Added aquastat on the domestic hot water recirculation line
 - k. Repaired multiple snowmelt leaks under driveway
 - l. Replaced washer supply lines, where accessible, with steel braided lines
 - m. Add plastic weed control mats to the stairs up the center of the building to the ski runs
 - n. Stabilized rotten post and beam connection
 - o. Completed energy audit and related repairs
 - p. Stained carport posts
 - q. Completed spot roof repairs
 - r. Replaced one chimney cap

2. Projects proposed to be completed this fall/early winter
 - a. Continue Investigation of post and beam connections
 - b. Complete spot repairs to concrete overlay – east walkway
 - c. Install new card key door lock system - (get fob price, alert owners and send operating explanation)
 - d. Continue crawl space repair investigation

B. Trex Decking

The Enclave Association members did not do any replacement decking (\$336 per deck, historically), so there were no additional charges to the concrete replacement line item of the Reserve Fund. Mr. Porcaro noted that units 103, 104, 109, and 112 have yet to install Trex decking. After discussion the board decided to increase the incentive for these four owners to \$500 per unit for replacement decking between now and September 30, 2013, in an effort to further encourage uniformity for the property. However, the incentive will be eliminated for these four unit owners, if they do not perform these upgrades between now and September 30, 2013. Mr. Porcaro will provide some recommendations for vendors to these and any other members interested in installing Trex decking.

IV. Discussion of Officers whose terms are up this year

Mr. Fisher completes his term as a Board member in March 2013. Mr. Blumenthal requested that management give the entire membership a minimum of ninety days advance notice of the up-coming board election in March 2013 via email and request that all interested candidates submit their biographies, qualifications, and any statement they wish to make at least one month prior to the annual meeting for distribution to the entire membership in advance of the annual meeting.

V. Old Business

A. Enclave Expansion/Renovation Plans – deferred at this time.

Mr. Blumenthal noted that the Enclave should begin consideration of re-starting the planning process for improvements to the structure, as the real estate market is showing signs of improvement, and Related has purchased the Base Village properties from the lenders who had previously foreclosed on them.

Financial Review 2011-2012, Unaudited

Management forecasts that the Association will finish the year with an Operating Fund surplus of \$5,690.

Enclave Staff Incentive - The Board, in a previous year, instituted an incentive program for SLC staff. The Board at its discretion on an annual basis sets the percentage or amount of any Operating Fund surplus to be contributed to the incentive program. After review Mr. Blumenthal made a motion to approve setting aside \$2,845, or 50%, of the cumulative Operating Fund surplus after auditor review for incentives to SLC staff. Mr. Klein seconded, and the motion passed.

Mr. Blumenthal made a motion to retain the projected remainder, or \$2,845, of the cumulative Operating Fund surplus within the Operating Fund, subject to any year-end adjustments. Mr. Klein seconded, and the motion passed.

Mr. Klein recommended that the Board consider opening a discussion at the next meeting of the membership to further encourage direct monetary gifts to the staff members – perhaps in the form of a line item component of the budget in the amount of \$250 per unit per year. The other Board members in attendance agreed that it should be an item of discussion at the next annual meeting of the members.

Balance Sheet – All unit owners are current on assessment receivables as of the date of this meeting.

Management recommends that the Board approve transferring the estimated net credit in the Reserve Fund for the Miscellaneous line item, currently \$458.89, to the Pool Boiler/Pumps line item, as the auditors recommend no Miscellaneous line item balance be retained in the Reserve Fund. The credit is created by Interest Income on Reserve Fund bank account balances and will be amended to show any further September entries that are needed to complete the accounting for the fiscal year. Mr. Blumenthal made a motion to approve this recommendation. Mr. Klein seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2011, the Operating Fund had borrowed \$66,848 from the Reserve Fund. Mr. Blumenthal made a motion to approve the inter-fund loan. Mr. Klein seconded, and the motion was approved. The loan was repaid in the subsequent fiscal year.

Mr. Blumenthal made a motion to accrue any unused amount remaining in the Paint and Stain – Deferral line item to the Reserve Fund Siding/Exterior Surfaces line item to be used for exterior staining and painting in future years. Mr. Klein seconded, and the motion passed.

VI. New Business

A. Budget 2012-2013

Operating Fund – Proposals

Management proposes that the fiscal 2012-2013 Operating and Reserve Fund budgets both remain flat, as compared to the fiscal 2011-2012 budgets. Overall, management proposes that the budgets and therefore the assessments for fiscal 2012-2013 remain the same as that of the prior fiscal year.

Revenue lines are budgeted as flat to prior year projected totals.

The General and Administrative Category is budgeted to increase by \$6,220, or 1.9%.

At \$28,089,810 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$445.87 per sq foot, based upon exterior square footages, and including the carports and the arrival center building. The insurance agent recommends a 7.0% increase

for premium inflation, and he also recommends that the association consider increasing replacement coverage valuation by an additional 5.0%. He will provide incremental replacement cost premium pricing, when available, for three options - no change, 2.0% increase, and a 5.0% increase in replacement cost values. At this time management has proposed no valuation increase, but setting replacement cost is ultimately a board decision. We have increased the estimated premium by 7% for expected insurance rate inflation, only. The combined property limit for Enclave, Woodrun Place, and Chamonix is \$91,736,099. Insurance expenses are, therefore, budgeted to increase by \$3,972. After discussion the Board decided to reduce the increase in the Insurance line item to \$2,801, or 4.9%, as the budgeted costs in recent years have been overstated.

Vehicle Rental, which includes the costs of fuel, repairs, and maintenance, is budgeted to increase by 10.0%, or \$2,437, which is the same inflation rate as national fuel costs, year over year.

The Utilities category is budgeted to increase by \$538, or remain essentially flat. Electricity and Water & Sewer costs are expected to increase by 5.0%. Telephone is budgeted to decrease by \$1,758, as The Enclave has purchased a transmitter to replace some of the redundant alarm telephone lines. Gas costs are budgeted to decrease by 3.0%, or \$1,004, as re-circulating controls and repairs to the leaky pool should improve efficiency, year over year. Other utility category line costs – Cable Service, and Trash - are budgeted to increase by 2.0-10.0%. Volatility in the costs of energy continues to make these expenses difficult to predict.

The Repairs and Maintenance Category is budgeted to decrease by 3.3%, or \$7,949. We expect to spend less in the budget year on R&M Contractors, Pool Maintenance, and Roof Repairs, while increasing the line item budgets for R&M – SLC costs, Window Cleaning, and Snow Removal. In fiscal 2011-2012, The Enclave absorbed significant expenses to repair the driveway snowmelt system, to repair pool leaks and related problems, and to repair various roof leaks. We have budgeted to spend less for these line items, and the repairs are now completed. For R&M – SLC costs, we have budgeted to have the employee who was out on medical leave back on staff full time in the budget year. Window Cleaning costs of \$1,800 will fall in the budget year for timing of work issues – money not spent on this task in fiscal 2011-2012 will be spent in early fiscal 2012-2013. We are hoping for a better snow year, with attendant increases in Snow Removal costs.

Reserve Fund - Proposals

The Reserve Fund line items, as currently proposed, have some updated entries for amounts and years of expected replacement, per the schedule. The Reserve should result in an increased balance at the end of the budget year from \$720,388 to \$815,736. The Arrival Center Reserve Fund is projected to grow to \$70,583 by the end of the budget year.

Management has begun researching remediation work in the crawl spaces under the main building. One bid for approximately \$169,000 of work has been proposed by one vendor. Because of the specialized nature of the scope of work, management has also obtained a bid of \$10,000 from an engineering firm to help The Enclave board decide what the scope of work should be. Depending upon what the board decides, management will proceed/defer on hiring the engineering firm to establish work scope and to solicit bids. The engineering firm also offers optional incremental pricing for construction management and pay application review.

Assuming the board decides to have management proceed with significant crawl space work, funding can be in one of three forms:

- Special Assessment
- Reallocated Reserve Fund resources
- New loan

After discussion the Board requested that management try to obtain a second bid for the engineering services needed to establish scope of work in the crawl spaces. Management is further authorized by the Board to hire an engineer for this work and to charge the costs to the Elevator line item in the Reserve Fund, for a price not to exceed \$10,000. This line item was chosen for allocation of the expenditure, as while the association has been aggressively funding for future elevator replacements, neither elevator has shown any signs of mechanical failure. It is likely that, should one fail in the near term and need replacement, the second should last for some time into the future.

The Board will then evaluate the engineering report for scope, cost, and potential phasing of the project. Because scope, timing, and costs are yet to be determined, the Board deferred discussion of funding methods until such time as this information is available for review.

Mr. Blumenthal made a motion to accept the amended budget, as revised during the meeting, with regular assessments at \$760,150.57 (and inducement assessments at \$292,500). Mr. Klein seconded, and the motion passed.

VII. Other Items

Date of Next Annual Meeting - 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 MT on March 3, 2013.

VIII. Adjournment

Mr. Klein made a motion to adjourn the meeting, and Mr. Blumenthal seconded. The motion passed, and the meeting was adjourned at 2:00 9m.

Respectfully submitted,

Oscar Novo, Secretary