

THE ENCLAVE ASSOCIATION, INC.

BOARD OF DIRECTORS MEETING **October 16, 2013**

I. Call to Order

Mel Blumenthal, President of the Board, called the meeting to order at 12:00 PM MT on October 16, 2013. Mr. Blumenthal was in attendance at the property, and Larry Garon, Stuart Kaufman, Lonnie Klein, John Henderson, and Oscar Novo 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 5, 2012

Prior to the meeting Mr. Porcaro emailed another copy of the October 5, 2012, minutes to the members of the Board. Mr. Novo made a motion to waive the reading of the minutes of the October 5, 2012, Board meeting. Mr. Garon seconded, and the motion passed. Mr. Novo made a motion to approve the minutes of the meeting of the Board held on October 5, 2012, and Mr. Garon seconded. The motion passed.

III. Report of the Officers

A. State of the Property / Grounds

1. Completed projects

- a. Completed post repairs at ground level walkways
- b. Walkway band board repairs
- c. Walkway over-layment repairs
- d. Performed railing repairs on ski access stairs
- e. Pool deck retaining wall improvements
- f. Performed siding and corner board repairs, including the carport wall at the driveway entrance and some carport facia
- g. Stained the pool deck mechanical building, the carport walls and posts and beams, and painted the railings going up the front stairs
- h. Installed a door to the ground floor storage area behind east elevator
- i. Performed annual test and inspection on all fire extinguishers and the fire alarm system
- j. Annual elevator test and inspections
- k. Performed roof maintenance and repairs, replaced section of roof over snowmelt boiler room
- l. Upgraded front doors to an electronic lock system
- m. Determined that snowmelt leak is minor and will continue to monitor

2. Projects proposed to be completed this fall/early winter

- a. Replace concrete caulking in driveway areas

- b. Repair grouting on the pool deck coping stones
- c. Repair walkways between 310 - 311 and 210 – 211
- d. Repair 312 deck and 212 supporting structures
- e. Complete spot repairs to concrete overlay at east walkway and other areas
- f. Continue crawl space and walkway repair investigations

After discussion regarding the electronic key system, the Board requested that management use only grey fobs for all owner masters going forward to avoid members confusing fobs of the same color with different programming. Grey fobs will henceforth only be used for owner masters, and all other uses will be with a fob of a different color.

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. Per the discussion at the October 5, 2012, Board meeting the \$336/per deck incentive offered by The Enclave Association, Inc. to the owners of units 103, 104, 109, and 112, who have decided not to replace their decks, has been withdrawn, as of September 30, 2013.

IV. Discussion of Officers whose terms are up this year

Mr. Novo and Mr. Kaufman complete their terms as Board members in March 2014. Mr. Blumenthal requested that management give the entire membership a minimum of ninety days advance notice of the up-coming board election in March 2014 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.

Financial Review 2012-2013, Unaudited

Management forecasts that the Association will finish the year on budget.

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. Novo made a motion to approve setting aside 50% of any cumulative Operating Fund surplus after auditor review for incentives to SLC staff, should any such savings be realized. Mr. Garon seconded, and the motion passed.

Mr. Novo made a motion to retain the actual remainder of any cumulative Operating Fund surplus within the Operating Fund after calculations for any staff incentives noted above, subject to any year-end adjustments resulting from auditor review. Mr. Garon seconded, and the motion passed.

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 \$249.44, to the Crawl Space Remediation 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. Novo made a motion to approve this recommendation. Mr. Garon seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2012, the Operating Fund had borrowed \$240 from the Reserve Fund. Mr. Novo made a motion to approve the inter-fund loan. Mr. Garon seconded, and the motion was approved. The loan was repaid in the subsequent fiscal year.

Mr. Novo 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. Garon seconded, and the motion passed.

VI. New Business

A. Budget 2013-2014

Operating Fund – Proposals

Management proposes that the fiscal 2013-2014 Reserve Fund budget increase by \$81,084, or 1/3rd of the projected Crawl Space Remediation costs, per the minutes of the last annual meeting of the members, and as compared to the fiscal 2012-2013 budgets. Management proposes that the Operating Fund component of the assessments increase by \$24,007, or 3%. These are the first proposed assessment increases since 2007-2008. After discussion the Board approved segregating the Reserve Fund increase as a special assessment and collecting it on the same frequency as the Regular Assessment during the upcoming fiscal year.

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

The General and Administrative Category is budgeted to increase by \$9,745, or 3%.

Management proposes 3% increases in payments from The Enclave to SLC for its direct line costs, so that SLC can give commensurate cost-of-living wage and benefit increases to its staff. Other than the property manager, wages have been fixed since 2007, as health insurance premium increases have accounted for all other SLC price inflation during that time.

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 5.0% 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 5% 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 \$2,703. After discussion the Board decided to leave the replacement cost unchanged.

Vehicle Rental, which includes the costs of fuel, repairs, and maintenance, is budgeted to remain flat, as the inflation rate as national fuel costs, year over year, has stayed flat.

The Utilities category is budgeted to increase by \$5,416, or 5%. Electricity and Telephone costs are expected to increase by 3.0%. Gas is expected to increase by 3.5%, and Water is expected to increase by 7%. Trash costs are expected to increase by 10%. Volatility in the costs of Utilities continues to make these expenses difficult to predict.

The Repairs and Maintenance Category is budgeted to increase by 3%, or \$6,454. We expect outside vendors costs in some line items and SLC costs to increase for general inflation by 3%. Repairs & Maintenance Contractors received a one-time credit of \$12,720 during fiscal 2012-2013, so management proposes budgeting for \$22,000 in these categorical repairs, which is more in line with historical costs. Snow Removal costs are proposed to inflate by about 10%, as we hope for an increase in snow fall for the upcoming winter. Also in fiscal 2012-2013, The Enclave expensed approximately \$12,000 in Roof Repairs, so management proposes a line budget of \$2,000, which is more in line with historical annual repair 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 a decreased balance at the end of the budget year from \$787,002 to \$728,434. The Arrival Center Reserve Fund is projected to be at \$70,023 by the end of the budget year.

The Enclave has started work on the crawl space remediation project this fall with an amended budget of \$235,000. The project has been slowed by the difficulty the engineer has had in securing alternate bids for the modified scope of work expected to be completed before the start of winter 2013 – 2014. The initial phase of the project, which includes insulation, trenching and water control, grouting of concrete foundation walls, and a new heating and ventilation system should be completed before winter season 2013-2014. The completion of the remainder of the crawl space work will follow in the spring, after the engineer reviews the performance of the first phase of work.

Mr. Partch, SGM engineer, has completed the forensic work on the walkway project. As the remediation scope and its attendant costs have yet to be established, management has not proposed any funding changes for this project in the 2013-2014 budget proposal. The current strategy is to “loan” money from the Reserve for this project, once more information is available, and then to replenish those “loaned” funds over a three-year span.

Mr. Partch has supplied repair specifications for the 210 and 310 walkways, and management awaits bid responses. Mr. Partch is also to supply repair specifications for locations that he has

identified as "Extra High" and "High" priorities on his most recent report from the forensic work.

Mr. Garon made a motion to accept the proposed budget, as revised during the meeting, with regular assessments at \$784,156.70 (and inducement assessments at \$292,500). Mr. Novo seconded, and the motion passed. Mr. Garon made a motion to accept the proposed Special Assessment of \$81,084.00 to pay for 1/3rd of the anticipated costs of the crawl space project and to concurrently replenish the Reserve Fund. Mr. Novo seconded, and the motion passed.

VII. Other Items

East Walkway Entrance

Management has obtained preliminary sketch plans for ideas could improve the East Walkway Entrance. Discussion among the Board members ensued for the entrance, the property and its undeveloped land, and the market at large. Mr. Garon commented that the local real estate market recovery continues to be a slow process. Mr. Blumenthal noted that SkiCo is attempting to develop a sister Limelight property in the base village in conjunction with the Fanny Hill townhomes below Woodrun Place. The Board members agreed that re-opening the discussion about future capital investment planning is appropriate.

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 9, 2014.

VIII. Adjournment

Mr. Garon made a motion to adjourn the meeting, and Mr. Kaufman seconded. The motion passed, and the meeting was adjourned at 2:03 P.M.

Respectfully submitted,

Oscar Novo, Secretary