

THE ENCLAVE ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING

October 28, 2021

1. Call to Order -

Mel Blumenthal, President of the Board, called the meeting to order at 9:05 MT on October 28, 2021. Mr. Klein, Mr. Novo, Mr. Lustberg, Mr. Henderson, Mr. Fisher and Mr. Garon, were in attendance via conference phone. Vacasa staff members Mike George - General Manager, and Paul Parkerson - Property Manager also attended.

Non-Board members also attending the meeting via conference call were as follows:

Unit Owner Name	Unit Owner #
Burns, Jim	109
Duvoisin, Peter	209

2. Proof of Notice of the Meeting –

The HOA Board members and HOA members received an email Notice of Meeting and Agenda within the time frame allotted by the relevant statutes and the HOA bylaws.

3. Reading and Approval of Minutes -

Approval of Minutes - Board meeting of October 7, 2020.

The minutes of the prior Board budget meeting are posted on the www.slccassoc.com website. Mr. Fisher made a motion to waive the reading of the minutes of the October 7, 2020, Board meeting. Mr. Lustberg seconded, and the motion passed. Mr. made a motion to approve of the minutes of the October 7, 2020, meeting. Mr. seconded, and the motion passed.

4. Report of the Officers -

State of the Property

Completed projects

TOSV Final Approval for Property Renovation/Development Project was obtained
Replaced Pool Boiler Ignitor Switch
Added shower to lower level of current meeting room for temporary staff quarters
Purchased/Installed Sample Replacement Bollard Grounds Lights
Performed Boiler and Elevator Inspections
Did Limited Roof Snow Shoveling

Installed New Grounds Holiday Lighting
Cleaned and repaired Industrial Washers and Dryers
Repaired and tested tree lighting
Had Chimneys inspected and cleaned
Cleaned Windows
Performed repairs to/modification of the phone switch programming to remove WP
Cleared various drain lines
Serviced Exercise Equipment
Repaired Employee Unit Appliances
Repaired Snowmelt Boiler
Adjusted/Tested Photocells for common lights
Replaced Pool Pump and Spa Filter Lid Assemblies
Replaced pool cover
Restained benches
Grouted various cracks on the upper spa area
Cleared all gutters
Repaired damaged walkway near 101, 204, 209, 210, 212, 302, 304, and 310
Repaired more damaged rear access ski stairs
Repaired industrial washer drain
Purchased sand for pool and spa filters
Repaired two failing brick components near entrance to ski lockers and 205 parking spot
Replaced east gas meter doors
Installed vines on trellis next to pool mechanical room
Repaired/replaced ski area stair lights
Upgraded internet wiring to Cat6

Possibility of further Internet upgrades and service options - Paul will send a draft correspondence piece to the board to review. If owners have private networks, they are encouraged to discuss their network with RI to see if they still want to continue that private service.

Mr. Fisher raised the issue of HD antennas as a possible alternative for traditional network television service in the future.

Mr. Klein advised that password protected devices will need to have their passwords reset to the new Enclave password - elkcamp2021.

Projects proposed or in process to be completed this fall/early winter

Replace sand in spa and pool filters
Repair phone closet door
Repair ski locker near 101
Remove solar panel on gas meter cabinet near ski stairs and replace with electrical connection
Complete ski stair repairs

5. Discussion of Officers whose terms are up this year -

Mr. Blumenthal noted that he and Mr. Fisher will complete their terms as Board members this fiscal year. Mr. Blumenthal requested that management notify the entire membership of the up-coming Board election 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. Mr. Blumenthal indicated his intent to run again for a position on the Board. Mr. Fisher indicated his intent to run again for a position on the Board.

Owner Parking during the renovation/expansion work timeline -

Staff will check with the Inn at Aspen to check on the availability of storage parking during the construction project. Other options discussed were the Viceroy, Aspen Ski Co, and the Snowmass CONOCO owner.

Mr. Blumenthal once more encouraged the resident owners to contact Tyler at Real America to coordinate unit access during the project work timeline. He asked that Paul send another correspondence piece on this issue to the affected owners.

New Business -

Budget 2021-2022

Operating and Reserve Funds — Proposals – Based on Expansion/Renovation Closure during Spring/Summer/Fall

Operating and Reserve Funds — Proposal

Operating Fund

Revenue

The regular assessments, including the reserve contribution component, are proposed to be reduced from those of fiscal 2020/2021 by \$3,225, or 8.05%. The savings over prior year assessments are a result of the reduced management fees negotiated between Vacasa and the HOA Board. Detail discussions follow in the cost categories below.

Commentary is generally written to compare estimated fiscal year end 2020/2021 actuals to 2021/2022 proposed budget amounts.

Rental income (Employee units) is budgeted to decrease from \$15,050 to \$9,100 as a result of the renovation closure for 6 months.

Late-payment interest income is budgeted to decrease by \$2,457, or 71.07%, to \$1,000.

General and Administrative

This Category is proposed to decrease by 36.60%, or \$114,993.

Management Fee - The Enclave (EN) and Vacasa have amended the HOA management contract such that the management fee line item will be discounted by 90.00% in the budget year, 40.00% in the following year, 30.00% in year three, and 30% every year thereafter. The base management fee is to be \$121,654 (the same as in fiscal 2019-2020), and the discounted management fee is therefore proposed to be \$12,165, for a savings of \$79,075 over the prior year and \$109,489 off of the base fee.

Front Office Expense – Costs in normal business years are proposed to reflect the services offered and to consider how many units at EN and Chamonix (CX) participate in the rental program. The current Co-Op rental participation is 47%, with 18 units at EN and 11 at CX that rent. The fee this year is proposed to be 7/12 of the prior year, with the planned renovation closure, and 49% of the EN units participating in the rental program. The management company generally proposes that the HOAs subsidize these expenses at the ratio of non-rental units to total units.

Insurance - At \$29,800,479 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$479 per sq. foot, based upon exterior square footages and including the carports and the arrival center building. The insurance agent historically recommends a 3% provisional increase for premium inflation, and the agent also recommends that the association consider increasing replacement coverage valuation by an additional 2%. With general inflation and other factors driving the costs of material up by 25%, or more, the insurance agency recommends that the Board consider this information in its decision to establish the replacement costs of the buildings. Management recommends that the Board approve of engaging an insurance appraiser to update the replacement cost estimates for EN to include the estimated replacement costs of the new units and expanded/new common area structures – arrival/exercise center, employee units, etc. The appraiser cost is expected to be \$1,000-\$2,000. After discussion the board requested that management have this task performed after the renovation/expansion work is completed. Management proposes increasing the budget by 13.54%, or \$8,721, to allow for 5% aggregate inflation and replacement value increases on legacy costs, an updated replacement cost appraisal, and sharing the liability umbrella costs with only CX. The combined property limit for EN and CX is presently \$55,674,652. Under the insurance Co-Op, coverage for any single covered incident that affects EN without affecting CX would result in \$894/sq. ft. maximum replacement cost coverage (\$55,674,652/(55,265 square foot buildings+9,948 sq. ft. garage areas).

Management is working with the insurance broker for EN and CX to potentially bring the Owl Creek Homes (OC) into the insurance cooperative as a replacement for Woodrun Place (WP). OC is presently insured at a stated replacement cost of \$76,419,820, while WP had a stated replacement cost of \$40,435,122. OC previously was not a candidate for the insurance Co-Op, as it had wooden shingled roofs and was excluded for consideration by the carriers that will offer the Co-Op policies on that basis. However, the OC roofs have now been replaced with asphalt shingles, so this HOA may now qualify to be an insurance Co-Op partner with EN and CX. OC operates on a calendar year basis, and the broker is in discussions with the carrier to try to bring this HOA into the Co-Op as of either November 1, 2021, or January 1, 2022. Management will inform the board as to progress on this strategy between the date of this meeting and calendar year end. Total property coverage available with OC joining the insurance Co-Op would be \$132,094,472. Mr. Klein made a motion to approve of the insurance line-item budget, as described above. Mr. Lustberg seconded, and the motion was approved. Mr. Klein made a motion to approve of the inclusion of OC as an insurance Co-Op partner, should CX and OC also both agree. Mr. Lustberg seconded, and the motion passed. The board also discussed that the insurance costs related to the expansion parcel and renovation work should be passed through the contractor.

Interest Cost – The HOA is in the process of acquiring a new credit facility of \$1.5 million. Year one interest is expected to be 3.80%, plus estimated closing costs of \$12,500. Loan covenants describe the repayments to be via recurring special assessments. Therefore, this year one debt service cost is anticipated to be \$36,250. As the HOA expects to draw upon this credit facility only when needed to fund renovation construction costs after proceeds from the land and related assets sale to the developer are exhausted, the Board intends to levy this special assessment once the construction timeline is more clearly defined, versus at the start of this budget year. Special assessment revenues will be offset, dollar for dollar, by interest line-item expenses, and so will otherwise have no impact upon the operating budget. The members can anticipate that the first interest payments/assessments that will become due will likely occur late in the budget year, or perhaps in the following year. The owners of the new units will participate in loan-related costs when the demising walls are considered complete.

Utilities

The Utilities category is budgeted to increase by \$33,754, or 19.66%. Volatility in the costs of Utilities continues to make these expenses difficult to predict, and price increases and consumption changes are largely outside of managerial control. Electricity costs are expected to increase by 37.42%, or \$13,735. The HOA also anticipates supplying additional electric service amounting to \$11,533, or 31.42%, of the expected cost increases to the renovation project for use of industrial equipment during construction. Telephone service costs are not expected to be affected by the renovation closure. Gas costs are expected to increase by 34.58% or \$9,713, as supply costs are expected to increase by 30-70% because of anticipated utility unit

price changes that should be partially offset by reduced consumption, as the pool will not be heated for summer use, and domestic hot water consumption during spring/summer/fall will be significantly reduced. Water and Sewer costs are primarily set by tap fees with some additional incremental consumption costs for irrigation and increased domestic water use during high occupancy winter periods. The renovation closure is, therefore, not expected to have a large impact upon common water and sewer expenses. Trash collection costs are also expected to be reduced by \$2,259, or 28.50%, because of reduced occupancies.

Repairs & Maintenance

The Repairs & Maintenance Category is proposed to increase over the estimated fiscal 2020-2021 expenses by 5.22%, or \$16,854.

In order to achieve a base staffing coverage of 2.0 Full Time Equivalents, or 10 shifts of coverage each week, the budget requires an increase from historical consumption of 1.3 FTEs. With Woodrun Place leaving the Co-Op, in order to allow for 1 maintenance person per day, plus 1 shared person for each night, CX and EN will each need to budget for a minimum of 2.0 FTEs. 4.0 shared FTEs between CX and EN will result in 20 regular shifts between the two properties. To have 1 person per day and 1 shared person per each night is 21 shifts to cover. The % increase to fund for 2.0 FTEs instead of 1.3 FTEs is 54%.

Line items for R&M – Mgmt. Co Staff, Pool, Firewood, and Snow Removal are increased to allow for 2.0 FTEs of labor consumption spread over these line items of expense.

Painting and Staining – Costs are deferred until future years, as renovation work is expected to replace much of the remaining siding.

Window Cleaning – One cleaning instead of two in the renovation year reduces the budget by \$3,474.

Grounds costs, while including an increase for the noted 2.0 FTE allocation of higher Vacasa labor cost consumption, also includes a reduction of expected contractor costs of \$32,000, or about 50% of normal year costs for new plantings and maintenance of the property grounds around the driveway and carports. While grounds maintenance will be needed on a limited basis under this budget scenario, new plantings will not be made.

Roof Repairs are proposed to be budgeted to match actual 2019-2020 results, which were for shoveling work two times per winter season.

As with all other HOA costs, the HOA will only be billed for allocated fixed cost expense items (Mgmt. Fees, Front Office, Vehicles, and Direct Office Expense), and actual time, materials, fees, and expenses.

Reserve Fund – Proposals

The Reserve Fund line items, as currently proposed, have 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 2020-2021 fiscal year of \$877,584, less any planned and unplanned costs that could be charged to this fund. The budget year end balance is projected to be \$979,812, prior to any charges. It is the expectation of the Board that certain renovation costs will be charged to the reserve fund during renovation construction, which will necessarily impact the year end balance.

The Arrival Center Reserve Fund is projected to be at \$107,572 by the start of the budget year and to finish at \$113,237, less any planned and/or unplanned costs that could be charged to this fund.

a. Approval of Budget – Renovation and Expansion Work

Mr. Klein made a motion to accept the Renovation and Expansion Work proposed budget, as presented/amended during the meeting, with regular (including reserve) assessments at \$836,661.60 and inducement assessments at \$312,000.07, or \$8,000.00 average per unit. Mr. Novo seconded, and the motion passed.

Rental Program Vacasa Marketing Plan and Results Discussion – Vacasa continues to outperform the local market in both REVSPAN/REVPAR and ADR. See the most recently issued marketing update supplied to the board for details.

Date of Next Annual Meeting –

The annual meeting is proposed to be held on Sunday, March 06, 2022, at 3 PM MST.

6. Old Business

Enclave Renovation/Redevelopment Project Update

During the Enclave Board Meeting on January 15, 2019, the Board reviewed at length the future estimated costs anticipated to be incurred in order to obtain Final Approval from the Town of Snowmass Village for the development/redevelopment application. This cost was estimated at \$213,000. The members approved that the money for these proposed expenditures be borrowed from the Enclave HOA Reserve Fund and would be reimbursed via a three-year Special Assessment, which would commence at the start of the 2020/2021 fiscal year. The Board subsequently voted to borrow up to an additional \$100,000 from the Reserve Fund to pay for any additional entitlement costs that might be needed to obtain final TOSV approval. The Board also subsequently voted to extinguish the \$213,000 special assessment described above. Sunk entitlement costs in excess of prior assessments are being carried as an operating fund deficit on the balance sheet. The Board has expressed an intention to

draw upon an as yet to be closed \$1.5 million credit facility to both extinguish this carried operating fund deficit and to also pay for a portion of the costs of common area improvements and other major repairs. The loan covenants describe repayment of the common loan obligation as a recurring special assessment.

Costs to date exceed the approved and amended budgets by \$18,875, as September 29, 2021, with an aggregate carried deficit of \$331,874.73. Mr. Klein made a motion to continue to borrow from the reserve fund, as needed, for any future remaining renovation/development soft costs, to include legal, TOSV, architectural, engineering, and other expenses, and to subsequently reimburse the reserve fund for all cumulative soft costs from the credit facility or asset sale proceeds upon its closing. Mr. Garon seconded, and the motion passed.

Through September 2021 the HOA has spent \$740,607 on these cumulative expenses covering Phases I and II, as noted below:

Architecture	\$362,891
Legal	\$220,304
Engineering & 3 rd Party Professionals	\$64,571
Conference Calls	\$3,143
Town of Snowmass Village	\$66,565
Tax Planning	\$15,723
SLC/Vacasa	\$5,672
Snowmass Water & Sanitation District	\$1,740
Total	\$740,607

In terms of Entitlement (Phase II) soft costs, alone, a total of \$582,809 has been spent in this area. The breakdown of those expenses for Entitlement soft costs are listed below.

Architecture	\$269,213
Legal	\$184,439
Engineering & 3 rd Party Professionals	\$43,232
Conference Calls	\$1,898
Town of Snowmass Village	\$66,565
Tax Planning	\$15,723
SLC/WVR/Vacasa	\$0
Snowmass Water & Sanitation District	\$1,740
Total	\$582,809

a. Financial Review 2020-2021, Unaudited

Management forecasts that the Association will finish the year \$17,247 under budget. Details regarding savings are discussed in the most recent quarterly report.

With a surplus of \$17,247 presently projected, management recommends that the Board decides the disposition of any actual surplus to the budget that may result via an approved motion.

(Discussion of Staff Incentive) – Mr. Blumenthal recommended that the Board consider approving a Staff Incentive of \$14,750 to be allocated between staff recipients to be proposed at the Board meeting, to recognize their outstanding owner services to the owners and the HOA. Mr. Klein made a motion to approve of this proposal. Mr. Novo seconded, and the motion passed. Management will code these costs to R&M Contractors in the fiscal 2020-2021.

Mr. Klein made a motion to transfer any actual Operating Fund surplus that may result, subject to any further year-end adjustments or external auditor review, to the Reserve Fund soft costs line item. Mr. Lustberg seconded, and the motion passed.

Member Receivables — All member receivable accounts are presently current on assessments, except Enclave 113 and 205. Two owners, 103 and 104, owe interest amounting to \$152 and \$235, respectively. Mr. Parkerson contacts all delinquent owners to request that they bring their accounts current on a monthly basis.

Per the financial statements from Reese Henry, at year end of fiscal 2020/2021, the Operating Fund had borrowed \$305,130 from the Reserve Fund. The HOA has an Insured Cash Sweep (ICS) source/target or parent/child banking account set up at Alpine Bank. Cash on hand over \$250K is automatically swept into the ICS account, and when the parent account balance falls below \$10K, cash from the ICS is automatically swept back into the parent account. This can create an inter-fund loan. Mr. Garon made a motion to approve the inter-fund loan. Mr. Klein seconded, and the motion was approved.

Mr. Novo made a motion to accrue any unused forecasted amount remaining in the Paint and Stain — Deferral line item at fiscal year-end to the Reserve Fund Siding/Exterior Surfaces line item for use in future years. Mr. Lustberg seconded, and the motion passed.

7. Adjournment

Mr. Klein made a motion to adjourn the meeting, and Mr. Lustberg seconded. The motion passed, and the meeting was adjourned at 11:25 AM.

Respectfully submitted,

Lonnie, Klein, Secretary