

THE ENCLAVE ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING

October 21, 2022

Prior to the formal opening of the Board meeting originally scheduled to review and approve the 2022/2023 fiscal year budget, Ronda Shrewsbury gave an update on the renovation/development project. She spoke about the reasons for the slow start to the project, including permit delays, shortage of concrete supply nationwide, delays in moving of utility lines and discoveries of issues as the project progressed. Dave Stefanek then gave an overview of what owners can expect to see on 12/15/2022. Dave advised that all mountain-side renovation work, as well as the middle stair tower renovation, will be completed. He described the parts of the property that will be fenced off, the future additions to the _13 stack, the area around the new units and the new arrival center. He then spoke about the layout of the driveway and the lack of snowmelt for the winter. He informed the board the two studio employee units would be ready, but the upper portion of the old arrival center would remain untouched for continued use as an arrival center until the new arrival building is ready for occupancy. A temporary set of wooden stairs with heat pads will be built next to the new arrival center for access this winter to the pool level of the property, which will be in addition to the eastside elevator access from the parking level to the pool level.

Parking restrictions and a parking management plan overseen by our property manager will be necessary this winter. All owners/renters will be restricted to one car per unit. All parking will need to be coordinated through our property manager.

1. Call to Order -

Mel Blumenthal, President of the Board, called the meeting to order at 9:40 AM MST on October 21, 2022. Mr. Blumenthal, Mr. Garon, Mr. Klein, Mr. Lustberg, Mr. Novo, Mr. Henderson and Mr. Fisher, were in attendance via teleconference. Vacasa staff members Mike George - General Manager, and Paul Parkerson - Property Manager also attended. Ronda Weybright and Dave Stefanek from Real America, LLC, Randy Henrie and Jim Gustafson from Z-Group Architects and Michael Hoffman, the HOA's attorney, were in attendance for the first part of the meeting that dealt with a renovation/development project update.

At the request of the HOA's attorney Mr. Fisher made a motion to go into executive session at 9:50am to discuss legal advice from the attorney. Mr. Garon seconded, and the motion was approved. Mr. Garon moved to close the executive session at 10:01 am. Mr. Blumenthal seconded, and the motion was approved.

2. Proof of Notice of the Meeting –

A notice of the meeting and agenda was sent to all Board members 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 28, 2021.

The minutes of the prior Board budget meeting are posted on the www.slccassoc.com website. Mr. Garon made a motion to waive the reading of the minutes of the October 28, 2021, Board meeting. Mr. Novo seconded, and the motion passed. Mr. Garon made a motion to approve of the minutes of the October 28, 2021, meeting. Mr. Novo seconded, and the motion passed.

4. Report of the Officers -

State of the Property

Completed projects

Performed Boiler and Elevator Inspections
Performed fire extinguisher inspections
Did Limited Roof Snow Shoveling
Repaired and tested tree lighting
Had Chimneys inspected and cleaned
Cleaned Windows
Removed Employee Unit Appliances
Grouted various cracks on the upper spa area
Cleared all gutters
Repaired more damaged rear access ski stairs
Repaired/replaced ski area stair lights
Replaced sand in spa and pool filters
Repaired/painted phone closet door
Repaired ski locker near 101
Removed solar panel on gas meter cabinet near ski stairs and replaced with electrical connection

Repainted walkway handrails
Removed two trees felled due to wind
Replaced alarm system batteries
Repaired front entrance sign
Repaired failing heat tape

Repaired industrial washing machine
Replaced damaged power supply to east elevator
Repaired non-functioning spa jets
Replace failing 100 pair phone wire between Enclave and Chamonix

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

Repaint ski locker doors
Repair/repaint interior lattices
Reseal cracks in pool filters
Replace/reconfigure gutter next to EN311

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

Mr. Blumenthal noted that Oscar Novo, Jr. and Larry Lustberg will complete their terms as Board members within the 2022-2023 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 2022-2023 HOA meeting for distribution to the entire membership in advance of the annual meeting. Mr. Novo, Jr. indicated his intent to run again for a position on the Board. Mr. Lustberg indicated his intent to run again for a position on the Board.

New Business -

Budget 2022-2023

Operating and Reserve Funds —

Operating and Reserve Funds — Proposal

Operating Fund

Revenue

Commentary is generally written to compare estimated fiscal year end 2021/2022 actuals to 2022/2023 proposed budget amounts.

Regular assessments are proposed to be increased from those of fiscal 2021/2022 by \$99,386, or 12%. As the property was closed during Spring/Summer/Fall of 2022, the proposed budget returns many line items to actual historical norms.

Special Assessments are budgeted to pay interest on the new loan. While use of loan proceeds will be incremental until all work is completed, the budget assumes that the \$1,800,000 credit facility will be fully in use during the fiscal year. We expect that the HOA Declaration will be amended to include the planned expansions of units 113, 213, and 313, and the expanded free market unit (a combination of the old manager's unit and the old exercise room) at some point in time during fiscal 2022-2023. As soon as all the new westside units are completed and receive a certificate of occupancy, the HOA Declaration will be further amended to include these additional units.

Both regular and special assessments are then expected described.

Rental income (Employee units) is budgeted to increase in accordance with TOSV restricted housing rates from \$8,080 to \$14,000 as a result of the addition of two new employee units that are expected to be ready for habitation in December of 2022, and one new two-bedroom employee unit that is expected to be ready for habitation in June of 2023.

Late-payment interest income is budgeted to decrease by \$1,750, or 64%, to \$1,000, under the expectation that HOA members will pay their assessments in a timely manner.

General and Administrative

This Category is proposed to increase by 60%, or \$123,195.

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% in fiscal 2021-2022, 40% in the budget year fiscal 2022-2023, 30% in fiscal year 2023-2024, and 30% every year thereafter. The base management fee against which these ratios are to be applied is \$121,654 (the same as in fiscal 2019-2020). This line item remains at a 90% discount in the budget year, as Vacasa has yet to complete its administrative improvements described in the management contract. The discounted management fee is therefore proposed to be \$12,165, for a savings of \$109,489 off of the base fee. Mr. George and Mr. Blumenthal are working on a possible strategy to extend the HOA management contract duration in exchange for a contribution to the HOA from Vacasa. Mr. George will discuss this concept when we review the sources and uses of funds for the construction project later in this meeting.

Front Office Expense – Costs are proposed to return to those of a normal year without any adjustment for inflation, and allowing for 10 months of service, as the property will remain closed for October and November.

Insurance - At \$29,800,479 property limit for Insurance purposes, the Association has average replacement coverage of roughly \$457 per sq. foot, based upon exterior square footages, including the old sizes of the carports, and the original arrival center building. The insurance agent recommends a 15% provisional increase for premium inflation and 10% for the expected delivery of the new arrival center, the modified old arrival center, and the expansion of the carports. 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., once the improvements are in place. The appraiser cost is expected to be \$1,000-\$2,000. Management proposes increasing the budget by 25%, or \$18,070.

The combined property limit for Enclave (EN), Chamonix (CX), and Owl Creek (OC) is presently \$128,974,892. Under the insurance Co-Op, coverage for any single covered incident that affects EN without affecting either CX or OC would result in \$2,073/sq. ft. maximum replacement cost coverage ($\$128,974,892 / (55,265 \text{ square foot buildings} + 9,948 \text{ sq. ft. garage areas})$).

Mr. Garon made a motion to approve of the insurance line item budget, as described above. Mr. Novo seconded, and the motion was approved.

Interest Cost – The HOA acquired a new credit facility of \$1.8 million in fiscal 2021/2022. Year one interest is expected to be 3.97%. Loan covenants describe the repayments to be via recurring special assessments. 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 budget of \$71,460 for Special Assessments therefore equals the anticipated Interest cost of \$71,460.

Vehicle Rental – The Vehicle Rental line item is proposed to increase by 43%, or \$7,927. The Elkhart Coach and the two GMC all-wheel drive mini-vans were used to provide transportation services during the current budget year. A previous rear-wheel drive van was disposed of this past year, and the performance under a 3 vehicle guest transportation system resulted in very high Guest NPS ratings and no complaints from owners. Management is inquiring about taking a newer, full-length van from the Inn at Aspen operation, as the current GMC mini-vans each have over 100,000 miles of wear and tear. Costs for this line item are proposed to be 10/12 months of the historical subsidy, as opposed to the 7/12 model used for the current budget year. The seven and ten month times frames mirror when the property was (current year) and will be (budget year) open for occupancy.

Utilities

This category is proposed to increase by 17%, or \$29,275.

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 related to this line item are expected to increase by 57%, or \$19,407. However, this is a 6% increase over the current year's budgeted number.

Telephone Service - Costs related to this line item are expected to increase by 20%, or \$877, to allow for a new phone line to the new arrival center elevator and general inflation.

Gas - Costs related to this line item are expected to increase by 2% or \$1,262. This increase is due to the anticipated increase in consumption by the expanded snowmelt

system, while discounting for consumption by the snowmelt system to begin sometime in December. Snowmelt system for driveway and car court areas is now expected to be inoperable during winter 2022-2023, but we expect that any savings in the budgeted gas costs will be offset by increased snow removal costs from plowing.

Water and Sewer – Costs related to this line item are expected to increase by 7%, or \$2,972. 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.

Trash Collection - Costs related to this line item are expected to increase 10%, or \$520.

Repairs & Maintenance and Reserve Fund Contribution

The Repairs & Maintenance Category is proposed to increase over the estimated fiscal 2021-2022 expenses by 95%, or \$239,638. Included in the category is a strategic change to establish a \$125,000 Contingency line item, while eliminating for the budget year a contribution to the Reserve Fund - in the prior year, this amount was \$102,228. Our rationale for these strategies is that the timeline for delivery of all of the improvements and expanded new assets is not known at the time that the budget for the fiscal year is initially set. The contingency will be used to the extent necessary to pay for any unknown costs that may arise during the budget year. To the extent that the Contingency is not needed for this purpose, the Board will decide on the disposition of any remaining surplus. Management proposes that any surplus greater than the carried Operating Fund deficit be transferred to the Reserve Fund at year end to offset Entitlement soft costs.

Please note that, in the management company's continuous efforts to provide more information regarding the consumption of maintenance hours and material, we have expanded the line items for the Pool, Firewood, Window Washing, Pest Control, Painting & Staining, Groundskeeping, Snow Removal, Custodial Services, Roof Repair & Maintenance and the newly added Special Projects Contingency categories to include several sub-categories/line items. Discussion of these primary line items will include all sub-categories.

Repairs and Maint – Mgmt CO Staff - Costs related to this line item are expected to increase 25%, or \$4,054, as we return to a more normal operations timeline. The amount of this line item is down \$5,650, or 22%, from the 2021/2022 budget.

Repairs and Maint – Contractors - Costs related to this line item are expected to be in line with the prior year's budget.

Pool - Costs related to this line item are expected to increase 5%, or \$1,691.

Firewood - Costs related to this line item are expected to match those of the prior year's budget, which will allow for restocking of the entire building after being closed for most of the prior year.

Window Washing - Costs related to this line item are expected to increase 100%, or \$3,600, to return to the twice-a-year cleaning model that was suspended because of the renovation/development project.

Painting and Staining - Costs are reduced from those of the prior year by \$814, or 9%, as many of the exterior surfaces are new.

Groundskeeping - Costs related to this line item are expected to increase 43%, or \$40,163. Proposed increases to this line are a result of expanded landscaped areas that will need to be maintained, resumption of flower plantings that were suspended during the prior year, as well as projects that include the removal of two tree stumps from the pool area and the completion of ski step repairs/replacements.

Snow Removal - Costs related to this line item are expected to increase 82%, or \$7,463. This increase is due to less-than-anticipated snowfall in winter 2021/22. Current predictions show winter 2022/2023 returning to or increasing upon historical snowfall norms.

Custodial Services - Cost at \$53,000 is budgeted to match the 2021/2022 budget, as we return to more normal operations.

Equipment Service Contracts - Costs related to this line item are expected to increase 18%, or \$4,564. This increase is a result of the addition of a third elevator, located in the new arrival center, to the existing service contract and for CPI related service contract adjustments for inflation.

Roof Repairs - Costs related to this line item are expected to increase 59%, or \$5,638. This increase matches the budget to our actual 2019-2020 results, which were for roof shoveling 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 in other line items.

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 a balance at the end of both the 2021-2022 and 2022-2023 fiscal years of \$503,440 less any planned and unplanned costs that could be charged to this fund. This assumes a suspension of any normal contribution to the reserve fund during this budget year. It is the expectation of the Board that certain renovation costs may be charged to the

reserve fund during renovation construction, which will necessarily impact (reduce) the year end balance.

The Arrival Center Reserve Fund is projected to be at \$118,902, less any planned and/or unplanned costs that could be charged to this fund. Management recommends that the balance in this fund be used to pay for the costs of new exercise equipment, lobby furnishings, and other needs in the new arrival center. Mr. Blumenthal made a motion to approve of this plan, Mr. Garon seconded. The motion passed.

a. Approval of 2022-2023 Budget

Mr. Klein made a motion to accept the proposed budget, as presented/amended during the meeting, with regular assessments at \$936,047.94 and inducement assessments at \$312,000.07. Mr. Blumenthal seconded, and the motion passed. For individual unit owners that choose to hire the HOA management company, Vacasa, those unit owners receive a pro-rata rebate of their allocated portion of the inducement assessment in its entirety.

Rental Program Vacasa Marketing Plan and Results Discussion – Vacasa continues to outperform the local market in both REVPAN/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 12, 2023, at 3:30 PM MST.

6. Old Business

Enclave Renovation/Redevelopment Project Update

Spent entitlement costs in excess of prior assessments are being carried in both the operating and reserve funds as balance sheet deficits totaling \$633,040. The Board has expressed an intention to draw upon a \$1.8 million credit facility to both extinguish these carried deficits 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.

Through September 2022 the HOA has spent \$1,041,774 on these cumulative expenses covering Phases I and II, as noted below:

Architecture	\$475,905
Legal	\$302,836
Engineering & 3 rd Party	
Professionals	\$111,826
Builder's Risk Insurance	\$15,636

Conference Calls/Check Stock	\$7,043
Deed Restriction Release	\$15,000
Loan Fees	\$13,914
Town of Snowmass Village	\$74,820
Tax Planning	\$15,723
Tree Lights Removal	\$1,430
SLC	\$5,901
Snowmass Water & Sanitation District	\$1,740
Total	\$1,041,774

In terms of Entitlement (Phase II) soft costs, alone, a total of \$883,976 has been spent in this area. The breakdown of those expenses for Entitlement soft costs are listed below.

Architecture	\$382,228
Legal	\$266,971
Engineering & 3 rd Party Professionals	\$90,487
Builder's Risk Insurance	\$15,636
Conference Calls, Misc	\$5,798
Deed Restriction Release	\$15,000
Tree Light Removal	\$1,430
Loan Fees	\$13,914
Town of Snowmass Village	\$74,820
Tax Planning	\$15,723
Arrival Center Move	\$229
SLC/WVR/Vacasa	\$0
Snowmass Water & Sanitation District	\$1,740
Total	\$883,976

a. Financial Review 2021-2022, Unaudited

Management forecasts that the Association will finish the 2021-2022 year \$114,864 under budget (surplus). Details regarding savings are discussed in the most recent quarterly report.

With the presently projected surplus, 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 \$15,000 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. Blumenthal seconded, and the motion passed.

Mr. Klein made a motion to carry any actual Operating Fund surplus that may result, subject to any further year-end adjustments or external auditor review, in the Operating Fund to reduce the cumulative deficit of \$153,268.51. Mr. Blumenthal seconded, and the motion passed.

Member Receivables — All member receivable accounts are presently current on assessments, except 104 (\$145) and 304 (\$282), as both owners sent payments to the HOA without paying the amounts due for interest charges. Mr. Parkerson contacts all delinquent owners to request that they bring their accounts current on a monthly basis.

Management recommends that the Board approve transferring at fiscal year end the net credit in the Reserve Fund for the Miscellaneous line item, currently \$0.00, to the Elevator item, as the auditors recommend no Miscellaneous line item balance be retained in the Reserve Fund. The credit can result from Interest Income on Reserve Fund bank account balances and will be amended to show any further entries that are needed to complete the accounting for the fiscal year. Mr. Klein made a motion to approve this recommendation. Mr. Blumenthal seconded, and the motion passed.

Per the financial statements from Reese Henry, at year end of fiscal 2021/2022, the Operating Fund had borrowed \$202,958 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. Henderson made a motion to approve the inter-fund loan. Mr. Klein seconded, and the motion was approved.

Mr. Henderson 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. Klein seconded, and the motion passed.

7. Adjournment

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Lonnie Klein', with a long horizontal flourish extending to the right.

Lonnie Klein, Secretary

