

MINUTES of THE ENCLAVE ASSOCIATION, INC.
ANNUAL OWNERS MEETING
March 2, 2003

1. Roll call and certification of proxies

Glen Fisher, President of the Association, called the meeting to order in the meeting room of The Enclave Arrival Center at Snowmass Village, Colorado at 4 P.M. Nonmembers Michael George and Joe Porcaro of Snowmass Lodging Company (SLC) were also present.

Members Present

Unit # Points

Klein	105	1170
Blumenthal	206/106/7	3885
Murray	108	1545
Burns	109	1170
Wissing	110	1545
Katz	202	1170
Novo	203/7	2715
Lustberg	204	1170
Duvoisin	209	1170
Kliewer	212	1170
Threshie	301	1860
Oleshansky	302	1170
Fisher	311	1170

Members Present

by Proxy Unit # Points

Mullins	101	1860
Sirkus	103	1170
Losi	104	1170
Beckerman	111	1170
Chomsky	112	1170
Matthew	113	1545
Jacobs	201	1860
Eldean	205	1170
Barford/Hilsinger	208	1545
Clancy	210	1545
Kaufman	213	1545
Word	304	1170
Shifman	308	1545
Mellencamp	309	1170
Gazelle	310	1545

TOTAL: (42,090 /52,515 =80.1%)

Verification of the signed proxies established that the required quorum of one-third (33%) of Enclave owners was achieved.

2. Proof of notice of meeting

Joe Porcaro presented proof of notice of meeting.

3. Reading and approval of minutes of March 3, 2002, meeting.

Management had previously distributed the minutes of the March 3, 2002, meeting. Glen Fisher made a motion to waive the reading of the minutes. Jamie Murray seconded, and the motion was passed. Glen Fisher made a motion to approve the minutes as written. Jamie Murray seconded, and the motion passed.

4. Ski Co Development Update – Brush Creek/Burlingame

Bill Kane of the Aspen Ski Co, development partner of Intrawest, joined the meeting at 4:30 pm. Mr. Kane outlined the scope of work in the Base Village plan, which received sketch plan approval in September 2002 and is currently in preliminary review. The review encompassed revisions to the Base Village core; the proposed location of key structures, such as the entry building and ski school; transportation issues throughout the Village; and the proposed adjacent structures to The Enclave. Mr. Kane now envisions a construction start date in 2003 and a ten-year build out program. The big numbers are about 1 million square feet of development, including a 20,000 sq ft state-of-the-art children's center to make Snowmass Village the premier family destination, and \$46 million in lift improvements. No fractional units are planned within the base village. The core buildings and the lift improvements are both planned for the first two years of development in Phases 1 & 2. The total unit count is 635 residential units in predominately two and three bedroom sizes over ten years. Price per foot is expected to be in the range of \$800 per foot.

Mr. Kane noted that the two buildings planned for below The Enclave on the same side of the road have not been drawn. He explained that the Developer most likely will look for an investment partner in both of those buildings. Mr. Fisher asked if the footprints of those two structures could be changed, and Mr. Kane replied that they could. Mr. Kane noted that the developer is aware of the member concerns about those two buildings. He further noted that the strategy of the developer is to attempt to obtain zoning and square footage development entitlements now and to develop architectural details at a later date. He further noted that he expects the developer to be amenable to some limitations and restrictions on design in return for obtaining the development rights.

Mr. Kane responded to questions about air access at length. Mr. Blumenthal asked if participation in the public discussion about air service by members would be valuable. Mr. Kane replied that any positive comments about a runway extension from the community would help, as the opposition is well-organized, very vocal, and presumes to speak for the community.

The owners again raised several issues that had been discussed at last year's meeting—

- *Height of structures
- *View planes and corridors
- *Property setbacks
- *Mass and density scale
- *Number of units proposed
- *Connections between the mall, Base Village, and the Center
- *Coordination of redevelopment of the Center
- *Construction staging location farther from The Enclave than originally proposed
- *Proposed lift additions/deletions
- *Location of lift terminals at the mall and at Base Village
- *Notation that almost every aspect of the development still requires zoning changes

Mr. Kane noted that he would take the members concerns back to Intrawest and the SkiCo and left the meeting.

The members continued their discussion of Base Village and initial strategies to accomplish their goals. Mrs. Threshie passed around a tear sheet, showing high density at another Intrawest resort... Lake Las Vegas. Mrs. Threshie also passed around a picture showing the view from the dinning room window of Enclave 201. The proposed Assay Hill building was superimposed on this picture and showed the complete loss of the down valley view.

Dr. Kliewer noted that the placement of the lift poles had not yet been set. Mr. Blumenthal noted that continued pressure by the members on each and all issues is critically important, as preliminary review is different and more detailed than sketch review.

5. Landscape Project

Mr. Porcaro advised the members that the project was completed in the fall of 2002. The final cost of the project was \$655,617, up from the budgeted amount of \$534,867, mostly due to additional concrete and snowmelt in the driveway and parking areas.

The project included:

- *new concrete for the entire drive way, including the covered parking bays. Once the project started, we determined that the old concrete in the parking bays could not be saved.
- *colored exposed aggregate around the pool and spa, the main stairs leading to the pool, and the stairs leading to the spa.
- *new railings on the steps leading to pool and spa decks
- *a snow-melt system for the entire uncovered area at the parking level, the stairs leading to the pool and spa, and the spa deck, and South side of the pool deck.
- *larger shot-crete hot tub with water line tile, additional jets and pumps, and two separate zones with timers. We also replaced the pool water line tile to match that used in the hot tub. We installed new coping stones around both the hot tub and the pool.
- *new grounds lights.

- *landscaping throughout, excluding the roadside areas.
- *irrigation and drainage improvements throughout grounds.

This spring Alan Styers Construction will repair the concrete on the north side of the pool deck that was damaged while repairing a leak in the pool's plumbing.

During construction Mr. Styers advised us that excavation and appropriate plumbing for gas, sewer, and water supply lines to the ski shop room during the grounds renovation was not necessary.

Mr. Katz asked if there were any plans to add a place for people to hang towels. Mr. Porcaro noted that he had received similar comments. Mr. Klein noted that an ornamental metal rack would be attractive, although possibly expensive, to consider. Mrs. Lustberg noted that the pool guests have a similar need.

Mr. Styers has advised that it is appropriate for the Association to determine the best use of the old ski rental building. Mr. Blumenthal noted that in his opinion changing rooms, possibly to include dry saunas, steam, and toilets would be an attractive amenity to install.

6. Snowmass Village Resort Association Update

Bret Huske, President, joined the meeting at 5:30 PM

Changes in SVRA

Equity purchase into Stay Aspen Snowmass (SAS) - SAS now handles the central reservations function for SVRA. The cost to purchase equity into SAS was \$225,000 in five annual installments of \$45,000. To date two of the five installments have been paid. The SVRA central reservations function has been eliminated.

Elimination of cooperative marketing – As the town sales tax increase recently passed, the SVRA agreed to reduce its lodging civic assessment from 4.0% to 2.4% and eliminate collection of civic assessment on other sources of revenue, such as retail operations for at least five years. The town of Snowmass Village is now responsible for marketing and special events through the sales tax increase mechanism.

Group Sales function – The SVRA has increased its sales staffing to the number of people that were on staff in 1998/1999 in an attempt increase group bookings to those of past years.

Conference center operations – The SVRA will continue to operate the conference center as it has in the past.

Debt reduction and restructuring – By purchasing the conference center, the SVRA was able to refinance its obligations and eliminate \$900,000 in debt.

Future SVRA plans

Future reduction/elimination of common assessments and replacing revenue with commissions – Mr. Huske commented that the SVRA Board has given him instructions to create a plan to reduce and eventually eliminate this cost. Mr. Huske noted that he has yet to construct next year's budget, so he is not yet willing to commit to elimination of common assessments in the next fiscal year. Mr. Blumenthal noted that the SVRA Board through its chairman, Hiram Champlin, had publicly committed to eliminating the common assessment. The Enclave Association has an expectation that the common assessment be eliminated for the next fiscal year. Mr. Wissing asked about whether reservation volume has increased or decreased through the SAS purchase for the Aspen or Snowmass Village market.

Future reduction/elimination of civic assessments and replacing revenue with commissions – Mr. Huske commented that the SVRA Board also has given him instruction to try to create a business plan that eventually changes the civic assessment funding source into a commission based funding source.

Mr. Huske stressed that, while changes are occurring rapidly within the SVRA, he does not have a timetable set yet to execute the funding changes described above. One of the impediments to a short time frame for these changes is that prices have been quoted to booked business through 2004 by SVRA members without contemplating payment of a direct commission on that business back to the SVRA.

Disposition of conference center – The SVRA now owns the conference center. Debt remaining on the facility is about \$1.9 million, and book cost of the asset is roughly \$17 million. Mr. George commented that trying to decide the best use of this asset for all of the members is complicated. Mr. Huske commented that one member has offered to either take over operation of the center or possibly purchase it, but that discussions are preliminary at this time.

7. Report of Officers

State of the Property

Mr. Fisher reported that projects completed in the past year include:

- * installation of High Speed Internet Broadband service
- *replaced the RR tie retaining walls at the driveway entrance
- *painted the pool fence, also the steps in each of the five stairwells
- *began construction of chain snow fence above southwest carport to be completed in the Spring
- *Improved ski access at the Northeast end of the building
- *expanded pest control to include the building exterior
- *replaced the heat exchanger on the pool boiler
- *ongoing replacement of fogged windows with failed seals
- *replaced two window sills on East side of building

Mr. Porcaro commented that five owners replaced original sliding glass doors in the units under a bulk pricing discount during this past year.

Mr. Porcaro also noted that he has seen fewer dead flies in units. The Association increased pest control work to include the exterior of the building.

Financial Position

The Association has completed its outside audit at this time and is awaiting a final report from the auditor. Management recommended, and the Board subsequently authorized a transfer of the 2001-2002 fiscal year operating surplus of \$54,536 to partially offset the increased costs of the grounds project. Management further recommended and the Board subsequently approved a transfer of \$112,934 from the concrete line item of the Reserve Fund to the grounds project fund to further offset costs. The Association has an outstanding balance with the contractor of \$12,263, and cash remaining in the ground project bank account of \$3,043. The completed audit will be made available to any member upon request.

The Association will collect \$6,000 this year to use for future exterior staining/painting needs.

Current year operations through the first four months show an operating deficit to budget of \$3,106, primarily for telephone equipment costs related to adding caller ID to the system.

8. Election of Officers

Mr. Fisher noted that Mel Blumenthal is up for re-election this year, after serving out the balance of Jamie Murray's term. Mr. Fisher nominated Mr. Blumenthal, and Mr. Lustberg seconded. Mr. Fisher asked if there were any members present who wished to declare candidacy for the Board of Directors at this time. As there were no other nominations or declarations of candidacy, Mr. Fisher asked for a vote, and Mr. Blumenthal was elected to a three-year term. Mr. Fisher announced he would be handing his presidency over to Mr. Blumenthal at the next scheduled board meeting, March 28th. The members thanked Mr. Fisher for his years of service, particularly for his time and expertise on the recently completed grounds project.

9. Old Business

Insurance - At \$19,448,000 property limit, the Association has average replacement coverage of \$350.44 per foot, based upon exterior square footages. The garages and the arrival center are insured for \$727,000, or \$90.87 per foot. If a unit owner has renovated kitchen or bath areas, performed other interior modifications, or purchased a unit that had interior modifications performed subsequent to initial construction, the Board strongly recommends that those unit owners have their units appraised on a replacement cost basis. If the appraisal sets the replacement cost value for a unit higher than the average square foot policy limit described above, the Board strongly encourages the affected owner to purchase coverage to supplement the policy obtained by the Association. The Board directed management to include a copy of the pertinent insurance sections of the Bylaws and Declaration with the mailing of the annual minutes to the members. The Board advises each and every owner to have his insurance agent review these documents and compare them to his existing policy to make sure that each and every owner has appropriate coverage for his personal property and unit improvements. The Board has decided to maintain liability insurance coverage on a

blanket basis for \$1 million per occurrence and \$2 million aggregate, with a \$15 million umbrella. The deductible was maintained at \$5,000 per incidence to partially offset the cost of the replacement limit. Demolition costs are separate from the property limits at \$750,000 under the building and ordinance section of the Package coverage.

John Wilkinson of Aspen Insurance Agency is available to discuss any specific insurance questions owners may have for either the Association or their private needs. The Board encourages you to contact Mr. Wilkinson at (970) 925-7285 and/or your insurance broker to review your private insurance needs related to unit ownership within the Association, especially if you have made improvements to your unit.

10. New Business

While the declaration states that an outside appraisal is to be performed annually to verify replacement costs, management has been unable to find an appraiser who will perform the work for a reasonable price. Mr. Murray made a motion to waive the outside appraisal requirement for fiscal year 2002-2003, Mr. Katz seconded, and the motion passed.

11. Other Business

Mr. Murray made a motion to ratify the acts of the Board for the last year. Mr. Katz seconded, and the motion was approved.

Dr. Word issued his proxy to Joe Porcaro and requested that Joe raise the issue of piping gas to the units for barbeques and gas fireplaces. Mr. Porcaro noted that in 1999 the members had taken a vote, and voted down this issue by a margin of 53.61% to 46.39%. Since there have been a number of units that have sold since then, and there are now new members in the Association, the Association may wish to consider taking another straw poll of the owners on this issue. Mr. Porcaro noted that the per unit cost would be roughly \$1,100 for the gas piping and wooden chases to hide them. Each owner who wanted to connect a gas appliance, would be responsible for their own expenses.

Mr. Klein moved that no survey be taken. Mrs. Threshie seconded, and the motion passed. Mr. Katz noted that a bulk purchase of propane barbeques may be an acceptable option. Mr. Murray noted that some further investigation by Mr. Porcaro and the Board into this issue would be advisable.

Mr. Blumenthal noted that the road in front of The Enclave property will not be relocated, so now is an appropriate time to consider landscaping work in front of the garage bays. A budget will be prepared.. The Grounds Committee has some additional items to put forth for consideration by the members.

Additional landscaping and irrigation improvements for the North side of the property alongside Wood Road

Reconsider an epoxy coating or similar surface treatment for the original concrete walkways and balconies

Cover the remaining ground floor decks with Trex to reestablish a

consistent, attractive appearance

Installing swinging bat wing doors to hide the service entrance to housekeeping and maintenance from view

Construct a concrete walkway to replace the gravel area leading from ski access breezeway to ski slopes.

More attractive recycle bins and bear proof trash containers at stairwell and pool deck locations.

Improved lighting at the ground entry level of both elevators. Make the closet at the ground level of the west elevator bigger, by moving the wall closer to the elevator doors, making it possible to keep trash and recyclables out of sight.

Mr. Fisher made a motion for Mr. Porcaro to develop a preliminary budget for those items that are not already included in this years operating budget. Mr. Murray seconded, and the motion passed.

The annual meeting for next year will be at 4:00 p.m. on March 7, 2004, the first Sunday of that month.

12. Adjournment

Mr. Fisher made a motion to adjourn the meeting at 6:30 pm. Mr. Murray seconded, and the motion passed.

Respectfully submitted,

Glen Fisher, President & Acting Secretary