

MINUTES of THE ENCLAVE ASSOCIATION, INC.
ANNUAL OWNERS MEETING

March 7, 2004

1. Roll call and certification of proxies

Mel Blumenthal, 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
Sirkus	103/202	2340
Klein	105	1170
Blumenthal	206/106/107	3885
Henderson	108	1545
Burns	109	1170
Wissing	110	1545
Novo	203/207	2715
Lustberg	204	1170
Kiewer	212	1170
Threshie	301	1860
Jacob	307	1860
Fisher	311	1170

Members Present

by Proxy	Unit #	Points
Mullins	101	1860
Stiles	102	1170
Losi	104	1170
Beckerman	111	1170
Matthew	113	1545
Jacobs	201	1860
Eldean	205	1170
Barford	208	1545
Duvoisin	209	1170
Clancy	210	1545
Kaufman	213	1545
Oleshansky	302	1170
Fiasse	306	1170
Shifman	308	1545
Mellencamp	309	1170
Gazelle	310	1545
McGlone	312	1170

TOTAL: (45,120 /52,515 = 85.9 %)

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 2, 2003, meeting.

Management had previously distributed the minutes of the March 2, 2003, meeting. Mr. Fisher made a motion to waive the reading of the minutes. Mrs. Lustberg seconded, and the motion was passed. Mr. Novo made a motion to approve the minutes as written. Mr. Wissing seconded, and the motion passed.

4. Ski Co Development Update – Brush Creek/Burlingame

Bill Kane and John Wheatley of the Aspen Ski Co, development partner of Intrawest, joined the meeting at 5:00 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; and the proposed adjacent structures to The Enclave. Mr. Kane now envisions a construction start date in fall of 2004 and a ten-year build out program.

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

- *Height of structures
- *View planes and corridors
- *Mass and density scale
- *Number of units proposed
- *Connections between the mall, Base Village, and the Center
- *Proposed lift additions/deletions

5. Special Assessment Report

Mr. Porcaro advised the members that all tasks planned to be accomplished with the most recent \$50,000 special assessment are completed, excluding the purchase of new pool furniture. Joe plans to purchase new pool furniture before the upcoming summer season.

6. Snowmass Village Resort Association Update

Changes in SVRA

The SVRA has sold the conference center and remains in business only to book group

rentals. The SVRA has approached the Town about creating a Convention Visitors Bureau (CVB) to take over the task of group sales. The SVRA has proposed that funding for this CVB be through the Village-wide sales tax. As you will recall, the common assessment was reduced by 15% for the current fiscal year. In addition it is contemplated that the balance of the common assessment will be eliminated for fiscal 2004-2005, which runs November through October.

7. Report of Officers

State of the Property

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

- *Landscaping and irrigation improvements to the North side of the property along Wood Road.
- *New Arrival Center Front Door.
- *Enlargement of the storage area on the west building side elevator entrance.
- *New recycle and bear proof trash bins.
- *New cement ski access breezeway walkway
- *New hot tub/pool towel rack
- *Ongoing replacement of fogged windows with low-E glass windows
- *Repainted stairwells and some railings
- *Resealed all exposed aggregate hard scapes
- *Rekeyed property

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 carry forward of the 2002-2003 fiscal year operating surplus of \$10,539, confirmed by the auditors, to partially offset 2003-2004 owner assessments. The auditors have waived management's posting of some adjusting entries that will not change the operating surplus or balance sheet for last year. 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 surplus to budget of \$1,784, primarily for reduced insurance and utility costs to date.

8. Election of Officers

Mr. Blumenthal noted that Mr. Fisher is up for re-election this year. Mr. Blumenthal nominated Mr. Fisher, and Mrs. Lustberg seconded. Mr. Blumenthal 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. Blumenthal asked for a vote, and Mr. Fisher was elected to a three-year term.

9. Old Business

Insurance - At \$20,420,000 property limit, the Association has average replacement coverage of \$371.27 per foot, based upon exterior square footages. The garages and the arrival center are insured for \$784,000, or \$98.00 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 advises each and every owner to have his insurance agent review existing association policies and that owner's policies 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 \$25 million umbrella. The deductible was maintained at \$5,000 property deductible 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. Blumenthal made a motion to waive the outside appraisal requirement for fiscal year 2003-2004, Mr. Sirkus seconded, and the motion passed.

11. Other Business

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

Mr. Porcaro reported that an investigator for the insurance company has recently advised that charcoal barbeques would disqualify the property from being able to obtain a renewal of the insurance policy. Mr. Porcaro commented that the investigator has advised that LPG BBQs would be an acceptable alternative, confirming that Fireman's Fund will renew the insurance policies if we switch to propane. Management recommends that the members agree to a bulk purchase of new LPG BBQs for a capped price of \$500 per BBQ per unit. While rental unit members must have a BBQ, nonrental members could elect not to be included in the purchase. Management will circulate a letter to the members on the subject, once an appropriate BBQ is selected.

Mr. Porcaro reported that he has been trying to obtain a sample of another topical

concrete overlay product, Miracote, for the members to consider. Initial cost estimates have yet to be provided for approximately 12,000 sq. ft. of surface area. Management will have this product applied to the ski access walkway as a sample trial area and forward cost information to the Board, when available.

Mr. Klein inquired as to the feasibility of ground floor owners having the decks covered and extended with a Trex or similar product. Mr. Porcaro has a rough estimate of \$30 per foot for approximately 924 feet, or \$27,720. Mr. Blumenthal noted that Trex decking is more expensive on a per square foot basis than a concrete topical overlay product. He also commented that Trex decking would be an improved enhancement that only ground floor unit owners would enjoy. He recommended that, if the association proceeds to install topical overlay product on the second and third floor deck units, owners of first floor units should receive an equivalent per square foot credit against the cost of installing Trex decking, and that ground floor unit owners should bear the cost difference between the two surfaces.

Mr. Porcaro reported that he has priced aluminum-clad windows to replace the old wooden crank windows in each unit. Most of these windows are warped and the wood is badly sun baked and will no longer hold paint. The approximate cost of the new windows, not including installation, is \$50,000. Management will have the windows in one unit replaced this Spring in order to obtain installation pricing.

Mr. Porcaro advised that owners who have a private phone line can obtain per minute pricing of 5 cents from Sprint. Qwest has a pricing program of 5 cents per minute, with a maximum monthly cost of \$20 for unlimited long distance.

Mr. Jacobs, EN201 owner, asked Mike George to bring up some issues for consideration by the members. He asked first for an update upon intended future use of the unused ski shop. Mr. Blumenthal commented that using operating funds from the 2003-2004 budget to obtain conceptual sketches of possible uses of the old ski rental room as a changing room/sauna/restroom is a good idea.

Mr. Jacobs also inquired as to whether there are any ideas about possible upgrades for the wooden stair treads. Mr. Porcaro noted that current practice is to rotate the treads, as the leading edge becomes worn, and to paint them on a periodic basis.

Mr. Blumenthal asked Mr. George to comment on the ongoing fee discussions between SLC and the three Associations: Woodrun Place, Enclave, and Chamonix. Mr. George commented that, as rental revenues have fallen 25% over the past six years, SLC has decided that it will need to either reduce services or increase association fees. Mr. George added that SLC's opinion is that owners and associations should at least pay for the services they enjoy or have access to at cost. Further, SLC should derive its profits or losses from the rental program. While Mr. George thinks that there is general agreement on this concept, there is continuing disagreement on exactly which costs should be SLC's alone, which costs are shared, and of the three associations on shared costs, exactly how those costs should be allocated. Shared staffing and resources create both cost efficiencies and the dilemma of how to fairly share those costs.

The Enclave Board had previously discussed the possibility of closing both its and

Chamonix's desks for summers and shoulder seasons. Since the front desk staff is part of a service pool, any cost savings for closing the desk(s) would also be shared by Chamonix and Woodurn Place. Chamonix declined to close its desk. Mr. George estimated that \$31,000 could be saved by closing the Enclave desk, or an average of approximately \$260 per member at all three properties. Ultimately, this summer all three Boards decided that maintaining services at current levels was desirable. Further, any decision to radically change desk services should properly be deferred until Enclave members could discuss the issue at their annual meeting.

At the annual meeting there was general agreement that savings from any Enclave desk closure should accrue to members of The Enclave Association, as their services would most directly be affected. However, since desk services are a pooled resource and collectively subsidized by the Enclave, Woodrun Place and Chamonix, the Boards of those Associations have not agreed upon how to allocate any such savings. Mr. Wissing commented that closing the desk in these periods for a nominal per owner cost savings would be a bad idea.

The Boards of Chamonix and Woodrun Place agreed to an increase of \$55 per unit per month in association management fees this summer. The Enclave Board did not agree and asked to defer the issue for another year in order to gather more information. The Enclave Board expressed the hope that the rental market would dramatically rebound and relieve the economic pressure on SLC. There is also continued disagreement by The Enclave Board as to whether or not the rental program subsidizes the services that the three associations and owners enjoy. The parties agreed to defer the issue for another year.

SLC has tried with some success to track the services its shared desk staff and managers are performing. However, it is difficult to fairly decide which client is being served in many instances. For instance, when Dan DiMaria is working on the phone system, he checks off that he is working for SLC, rental owners at all properties, nonrental owners at all properties, and all three associations. When a desk clerk drives deposits for the day to the bank, he checks the same boxes. When Mr. George discusses base village strategies with Mr. Blumenthal, he notes that the conversation is also valuable to all parties, even if Mr. Blumenthal's primary concerns are for The Enclave members. While it is clear exactly who SLC staff is serving when they drive someone's children to ski school, there remain many instances where SLC staff are simultaneously serving many clients.

Mr. Jacob commented that Woodrun Place receives and demands more services than does The Enclave. Mr. Fisher commented that Woodrun Place, The Enclave, and Chamonix Associations agreed to establish a common system of fees and prices about ten years ago, and further commented that it may be time to try to amend that system.

SLC will propose that The Enclave Board approve the \$55 per month per unit fee increase offered by Chamonix and Woodrun Place for the next budget year. While SLC will continue to collect data on the utilization of resources, SLC has deferred to the three associations the decisions on how best to allocate management and front office fees between the three properties. Currently, management fees are allocated on a unit count basis, and front office fees are split 40%, 30%, and 30%, respectively, for Woodrun Place, The Enclave, and Chamonix. The Association Boards have accepted

the responsibility of deciding upon these allocations. Mr. Jacob commented that The Enclave might be willing to approve this management fee price increase, if SLC would be willing to fix its prices and fees to the owners and the associations for three years. Mr. George replied that SLC would be willing to accept that offer, and Mr. Jacob asked that it be put in writing. Mr. George asked Mr. Jacob to write the language, and Mr. Jacob agreed to work on this language with Mr. George during his next visit at the end of March 2004.

The annual meeting for next year will be at 4:00 p.m. on March 6, 2005, the first Sunday of that month.

12. Adjournment

Mr. Mel Blumenthal made a motion to adjourn the meeting at 7:45 pm. Mr. Klein seconded, and the motion passed.

Respectfully submitted,

Mr. Andy Jacob, Secretary