

MINUTES of THE ENCLAVE ASSOCIATION, INC.
ANNUAL OWNERS MEETING

March 6, 2005

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 4:00 P.M. Nonmembers Michael George and Joe Porcaro of Snowmass Lodging Company (SLC) were also present.

Members Present

	Unit #	Points
Klein	105	1170
Blumenthal	206/106/107	3885
Burns	109	1170
Matthew	113	1545
Novo	203/207	2715
Lustberg	204	1170
Barford	208	1545
Kliwer	212	1170
Threshie	301	1860
Word	304	1170

Members Present

by Proxy	Unit #	Points
Mullins	101	1860
Stiles	102	1170
Losi	104	1170
Wissing	110	1545
Beckerman	111	1170
Jacobs	201	1860
Sirkus	202	1170
Eldean	205	1170
Duvoisin	209	1170
Oleshansky	302	1170
Garon	307	1860
Shifman	308	1545
Mellencamp	309	1170
Gazelle	310	1545
Fisher	311	1170

TOTAL: (38145/52,515 =73%)

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 7, 2004, meeting.

Management had previously distributed the minutes of the March 7, 2004, meeting. Mr. Lustberg made a motion to waive the reading of the minutes. Mr. Novo seconded, and the motion was passed. Mr. Lustberg made a motion to approve the minutes as written. Mr. Barford seconded, and the motion passed.

4. Ski Co Development Update – Base Village

Base Village was approved. Preliminary information from the Town of Snowmass Village indicates that construction will be six days a week, from 6 am to 8 pm in shoulder seasons, and 7 am to 6 pm during summer and winter seasons. Once roofs and walls are up, construction is expected to run 24 hours a day. The Westin project is expected to break ground in Phase II, summer of 2006, with the same construction hours schedule. Mr. Blumenthal also noted that the TOSV was in the process of hiring an individual to oversee the Base Village construction plan and make sure that the developers adhere to its limitations. While construction hours will be long, the TOSV is sensitive to the concerns of people who own property adjacent to the development sites.

Mr. Blumenthal described some of the timing details of the Base Village construction plan, including lift and other mountain improvements. Mr. Blumenthal asked the members to write or to email to the Aspen Ski Company, attention Bill Kane, requesting a loading station at the gondola turn station on Assay Hill to reduce traffic congestion at Base Village. Mrs. Lustberg asked the Board to issue a letter to The Enclave members, encouraging participation in the letter writing campaign about the loading station at the gondola turn station.

Tube Town will most likely be moved or eliminated at the end of the 2004 2005 ski season, as the new road alignment will encroach upon its current location.

Mr. Novo noted that most Base Village buildings were each originally going to have exercise rooms, but the developers now plan to have a central exercise facility near the pool. Mr. Novo stressed that there would be charges for use of the Base Village swimming and exercise facilities, but that there is an agreement to limit the costs to within 10% of the planned TOSV swimming facility.

5. Report of Officers

State of the Property

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

- *Concrete overlayment for walkways is 90% done, with some clean up work scheduled for this spring
- *Recarpeted elevator cabs
- *Built ramp door to housekeeping/maintenance areas
- *Installed sconces in west elevator ground floor landing

- *Repaired brick wall façade at ski locker hall access
- *Replaced all lattice work on courtyard side of building
- *Ongoing replacement of fogged windows with low-E glass windows
- *Repainted stairwells, railing caps, and interior courtyard walls
- *Replace stairwell treads, as needed
- *Applied coat of sealer to all exposed aggregate, walkways and pool decks
- *Installed unit 105 replacement windows (2)
- *Installed modern pool sweep
- *Purchased back up pumps for snowmelt circulation system
- *Installed new propane barbeques for all rentals and some nonrentals

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, transferring the residual Operating Fund surplus to the Reserve Fund, amounting to \$3,695.33, to the Concrete Work line item. 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 deficit to budget of \$2,246, primarily for increased gas and electricity costs to date.

6. Election of Officers

Mr. Blumenthal noted that Mr. Novo and Mr. Wissing are up for re-election this year, and there is another seat open. Prior to this meeting there were five (5) members who declared their candidacy for these three (3) positions. Mr. Blumenthal made a motion to nominate the slate of candidates – Mr. Novo (incumbent), Mr. Wissing (incumbent), Mr. Garon, Mr. Klein, and Mr. Torelli – and Mr. Threshie 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 closed the nominations. Because of number of candidates exceeds the number of Board seat vacancies, Mr. Blumenthal asked Mr. Porcaro to pass out ballots and tally the results of the vote.

Mr. Novo, Mr. Wissing, and Mr. Klein were elected to the Board. Mr. Blumenthal thanked all of the candidates for volunteering to serve.

7. Old Business

Insurance - At \$21,441,000 property limit, the Association has average replacement coverage of \$390.00 per foot, based upon exterior square footages. The garages and the arrival center are insured for \$822,000, or \$102.75 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 and increased costs of construction costs are separate from the property limits at \$750,000 under the building and ordinance section of the Package coverage. For fiscal 2004-2005 the Association purchased a minimum workers compensation policy, primarily to protect against uninsured subcontractors working on site who might become injured.

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.

The topical overlay project will continue this spring with work on all second and third floor balconies. Last year, Mr. Klein inquired as to the feasibility of ground floor owners having the decks covered and extended with Trex or similar product. At that time Mr. Porcaro had a rough estimate of \$30 per foot for approximately 924 feet of existing decks, or \$27,720. At last year's meeting Mr. Blumenthal recommended that owners of first floor units receive an equivalent, per square foot credit for the topical overlay treatment against the cost of installing Trex decking, and that ground floor unit owners should bear the cost difference between the two surfaces. Mr. Blumenthal made a motion to approve issuance of the above-stated credit to owners with Trex decks, either installed now or in the future. Mr. Novo seconded, and the motion passed.

The members discussed at length the issues of deck color uniformity and how the building would look with extended ground floor decks composed of Trex as an overlay on top of and extending past the parameters of the existing decks. The attendees concluded that dissimilar ground floor deck topical surfaces would be acceptable, but there was some concern expressed about how lack of uniformity in deck extensions would affect the appearance of the building. Mr. Matthew noted his intention to add an extended Trex deck to his unit, and Mr. Blumenthal explained that the Board has controlling authority over applications by members to expand or extend their decks and, therefore, will be able to address any concerns about the appearance of the building, as it might be changed by individual unit deck extensions.

Mr. Matthew commented that it might be time to consider, once again, installing gas service to the building, as the vote by the membership last time was very close, and he would be in favor of the investment. After discussion, Mr. Matthew made a motion to have the Association consider installing gas piping to the fireplaces. Dr. Word seconded, and the motion passed. Mr. Porcaro will compile new bids for the members

and the Board to consider during the current fiscal operating year.

Mr. Matthew raised the issue of the quality of the vans that we use for transportation. Mr. George replied that the lodging company intends to lease two or three vans and retire the two minivans at the end of the ski season.

Mr. Blumenthal noted that the members had approved a set of amendments to the Bylaws for The Enclave Association, Inc.

Mr. Blumenthal asked Mr. George to comment upon the management fee changes discussed last year. Mr. George replied that, as rental commission revenues for SLC will increase year over year, the conditional association management fee would not be levied this year. At this point in time, revenue growth is not expected to exceed 10% year over year. Mr. and Mrs. Threshie asked for clarification about management fees, as the information supplied to the members in separate documents appeared conflicting to them. Mr. George confirmed that the management company will not ask for any changes in its base management fees, which include the conditional management fee, for at least two years after the current operating year, excluding the possibility of increases to help offset any future increases in insurance costs. Mr. Blumenthal noted that, since part of the budgeted management fee would not be collected by the management company this year in light of improved rental revenues, the management company would, in effect, be issuing a rebate to the Association. Mr. Threshie made a motion to carry this balance as a line item surplus in the operating fund, rather than issuing a rebate on the next Association billing statement. Mr. Lustberg seconded, and the motion passed.

8. 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. Matthew made a motion to waive the outside appraisal requirement for fiscal year 2004-2005. Mr. Lustberg seconded, and the motion passed.

Michael Manchester of Manchester and Associates, Inc. architects has been hired by The Enclave Association, Inc., to draw up conceptual plans for renovation and conversion of the old ski shop room into an expanded, new exercise facility to include a common steam shower and separate bathroom/shower/changing areas for men and women. There was general discussion about the pros and cons of adding such a facility to The Enclave, relative to its impact on both the ability to encourage more rental activity, and how it might affect real estate values. Mr. Blumenthal noted that preliminary indications are that the facility would cost somewhere between \$300,000 and \$350,000, or somewhere between \$7,700 and \$9,000 on average per unit, spread over 39 units. The members agreed to have the architect develop the plans and tighten the cost budget for future consideration.

At last year's meeting, there was general discussion of plans to replace awning windows, only. However, after reviewing the condition of the other windows at the property, the Board decided that the remaining windows were at the end of their useful lives. The Board then asked Mr. Porcaro to replace two window sets in unit 105 to get

an idea of the cost and subsequently to obtain pricing on replacement of all Enclave windows, including sliding doors.

The bids from the contractors range from \$460,000 to \$493,000. The windows are all low-E glass, double pane construction, unfinished wood on the inside, and metal cladding on the outside. Mr. Matthews asked if all vinyl windows are being considered, and Mr. Blumenthal noted that interior wooden window trim is proposed, so that owners may at their own expense paint or stain to match their existing interior finishes. Mr. Klein noted that he appreciated the lack of disturbance to the interior of his unit during the replacement of his windows.

Mr. Blumenthal asked Joe if he felt that he would be ready to recommend a contractor in time to start the project this fall, assuming the membership decided that they wanted to proceed. Mr. Burns asked if the bidding contractors had examined the actual windows and walls at the property in determining their bid. Mr. Porcaro replied that all of the contractors had made site inspections before composing and producing their bids. Mr. Porcaro also noted that he expected to be ready to recommend a contractor in time to start the project this fall, and Mr. Blumenthal commented that the project likely would stretch over two off-seasons. Mrs. Threshie asked if the units would remain open to the elements between the time that it would take to remove the existing windows and install the new ones for more than a day. Mr. Porcaro replied that the contractor would replace old windows with new ones, before proceeding to the next unit, so that exposure to the elements would be for a short a time as possible. Mrs. Lustberg made a motion, seconded by Mr. Matthew, to poll the membership and determine support or lack thereof for this project. The motion passed.

The laundry washers at Chamonix are nearing the end of their useful lives. The management company has received a bid of \$20,690, plus tax, to replace the two existing machines with ones that are somewhat larger and better matched to the shared quantity of laundry serviced there between Chamonix and The Enclave. At this time the management company is researching the merits of trying to consolidate the two laundries at Woodrun Place and Chamonix into one by studying the available space and operating efficiency possibilities at one laundry, versus two.

The proposal at this time is to replace the two washers at Chamonix and run two laundries. For some years, The Enclave has contributed 60% of the operating repair costs for the laundry equipment owned and located at Chamonix. Chamonix contributes 40% of the repair costs, 100% of the utility costs, and in the past has paid for 100% of the replacement cost of one washer in 1997.

On an occupancy basis, the average use is 61% Enclave, 39% Chamonix $EN\ Use / (CX\ use + EN\ use)$. On a unit count basis, the Enclave has 59% and Chamonix has 41% $EN\ unit\ count / (EN\ unit\ count + CX\ unit\ count)$.

The Chamonix property manager is recommending a little higher than 60/40 split Enclave/Chamonix, as Chamonix has always paid for utilities.

After discussion, and provided consolidation of laundry facilities is not feasible, Mr. Blumenthal made a motion to authorize an offer of a payment for 60% of the costs to acquire two new washers. Mrs. Lustberg seconded, and the motion passed. Mr.

Blumenthal commented that formalizing a shared operating agreement for use of the laundry was logical, given that The Enclave Association would now co-own some of the equipment. Mr. Porcaro will work with the Chamonix property manager to draft an agreement for the consideration of the two respective Boards.

9. Other Business

Mrs. Lustberg made a motion to ratify the acts of the Board for the last year. Mrs. Blumenthal seconded, and the motion was approved.

The annual meeting for next year will be at 4:00 p.m. on March 5, 2006: the first Sunday of that month.

10. Adjournment

Mr. Novo made a motion to adjourn the meeting at 7:10 pm. Dr. Word seconded, and the motion passed.

Respectfully submitted,

Mr. Oscar Novo, Secretary