

MINUTES of THE ENCLAVE ASSOCIATION, INC.
ANNUAL OWNERS MEETING

March 4, 2007

1. Roll call and certification of proxies

Mel Blumenthal, President of the Association, called the meeting to order in the meeting room of The Crestwood at Snowmass Village, Colorado at 3:00 P.M. Nonmembers Michael George and Joe Porcaro of Snowmass Lodging Company (SLC) were also present for the entire meeting.

Members Present

	Unit #	Points	Rental=R, Nonrental=NR
Stiles	102	1170	R
Losi	104	1170	NR
Klein	105	1170	NR
Blumenthal	206/106/107	3885	NR, NR, NR
Burns	109	1170	NR
Wissing	110	1545	R
Matthew	113	1545	NR
Novo	203	1170	R
Lustberg	204	1170	NR
Novo	207	1545	NR
Hilsinger/Barford	208	1545	NR
Kliwer	212	1170	NR
Threshie	301	1860	NR
Word	304	1170	NR
Garon	307	1860	NR
Rimland	310	1545	R
Fisher	311	1170	NR

Members Present

by Proxy	Unit #	Points	
Owen	101	1860	NR
Henderson	108	1545	R
Shrewsbury	111	1170	NR
Chomsky	112	1170	R
Jacobs	201	1860	R
Branner	202	1170	R
Eldean	205	1170	R
Duvoisin	209	1170	R
Torelli	210/312	2715	R, R
Wiener	211	1170	R
Kaufman	213	1545	NR

Oleshansky	302	1170	NR
Hart	303	1170	NR
Kerpsack	305	1170	R
Fiasse	306	1170	NR
Shifman	308/309	2715	NR,R

TOTAL: (49,800/52,515 = 95%)

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 5, 2006, meeting.

Management had previously distributed the minutes of the March 5, 2006, meeting. Mr. Fisher made a motion to waive the reading of the minutes. Mr. Garon seconded, and the motion was passed. Mr. Blumenthal made a motion to approve the minutes as written, and the motion passed.

4. Report of Officers

State of the Property

Completed projects last year and through this fall

Recarpeted elevators and luggage carts.

Painted/stained the carport knee walls on the side facing Wood Road, and various wall sections that were showing accelerated wear.

Repaint arrival center interior and replace coffee/tea service.

Replaced spa and pool covers.

Added blowers and replaced jet nozzles to spa.

Stain the south facing side of the building.

Miscellaneous siding repairs

Painted pool sections

Investigated and decided not to return to fluorescent lighting for the common hallway lights.

Electrical repairs to pool mechanical room

SkiCo installed a handrail for one of two slope-side stairs and extended both stairs up towards the ski trail.

Financial Position

The Association is undergoing its outside audit at this time and expects no

adjusting entries or negative management comments. The Operating Fund borrowed \$12,928 (unaudited) from the Reserve Fund as of September 2006 for working capital needs. The completed audit will be made available to any member upon request.

The Association finished the prior year with \$39,683 in the Deferred Painting Fund, and the Association has spent \$30,085 during the past fall for exterior staining and miscellaneous painting work. The association will also collect \$12,000 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 \$569 – essentially flat compared to the budget.

5. Election of Officers

Mr. Blumenthal noted that as of the conclusion of this year's Annual Meeting, Ed Wissing will be resigning from the Board, inasmuch as his unit is currently on the market, and he expects a sale in the near term. Thus, in addition to the Board seats of Glen Fisher and Lonnie Klein, which are up for election at the upcoming meeting, there is a third seat open. Both Glen and Lonnie have indicated that they will run for re-election to their seats. Mr. Rimland, Mr. Stiles, Mr. Losi, and Mr. Kaufman (through a prior email) advised that each intends to run for a seat on the Board. Mr. Blumenthal asked if there were any other 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 then closed the nominations. Mr. Garon made a motion to nominate the slate of candidates – Mr. Rimland, Mr. Fisher, Mr. Klein, Mr. Losi, Mr. Lustberg, and Mr. Kaufman - and Mr. Novo seconded. Mr. Porcaro passed out ballots for the attendees to use for the vote, as a state law requires that votes for Board seats must be done by secret ballot.

Mr. Klein, Mr. Fisher, and Mr. Kaufman were elected to the Board.

6. Old Business

Insurance

At \$26,752,000 property limit, the Association has average replacement coverage of \$431.38 per foot, based upon exterior square footages, and including the carports and the arrival center building. 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. Increased costs of construction are separate from the property limits at \$2,000,000 under the building and ordinance section of the Package coverage. Demolition has a limit of \$500,000, separate also from the property limits. For fiscal 2006-2007 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.

Mr. George advised that he has asked Jim Gustafson of Caudill Gustafson & Associates architects to help with estimates regarding replacement costs of the existing Enclave structures.

Discussion on Ski Shop Building Renovation

Discussion of the old ski shop structure has been deferred, pending review of the overall renovation/expansion discourse that was initiated this fall by the Board and continues today at the annual meeting.

Window Project

The window replacement project is completed except for some screen and hardware repairs and replacements. The Association has \$11,727 remaining from this project. The Board of Directors voted to transfer this surplus to the Building Renovation Fund, which was recently initiated with a \$30,000 special assessment of the members.

Laundry Equipment

The shared laundry equipment purchase with Chamonix has been completed, and all new equipment has been installed and is operational. The Enclave portion of the cost was \$27,325 at 60% of the total equipment purchase and installation cost.

Mall Redevelopment Update

The Mall redevelopment project remains in the conceptual stage.

Ski Co Development Update – Base Village

Intrawest has sold the Base Village Development to Related/WestPac. This developer also owns the Snowmass Center property, The West Village Mall, The Conoco Property and assorted other properties. TOSV and the developer have recently been working on a Village-wide Construction Management Plan and changes to the phasing of which buildings and improvements are to occur and at what times. Carey Shanks of the Related/WestPac group attended the meeting and gave his cell phone to the attendees (970) 618 - 0589 as a primary contact for information regarding road closures and construction updates.

Kathleen Wanatowicz, TOSV communications director, also attended the meeting and updated the attendees on what to expect over the short- and long-term time horizons for Snowmass Village. Mr. Matthews commented about extensive road use delays, and Mrs. Threshie commented about continuous and excessive noise issues. Mr. Shanks noted that communication from the Association members about these issues will get consideration from both the developer and the TOSV. Mr. Shanks also noted that a grocery store is part of the PUD for the Center parcel and the developer intends for a grocery store to remain there. He also noted that the TOSV council has professed a strong preference for the gas station to remain in its present location.

Mr. Blumenthal thanked Mr. Shanks and Mrs. Wanatowicz for coming to this Sunday meeting and updating the members.

7. New Business

Mrs. Threshie asked if the Bylaws of the Association document any term limits for members of the Board of Directors. Mr. Fisher advised that the Association Bylaws do not have term limits. Mrs. Threshie asked that some discussion of the issue be included in the minutes. Mr. Blumenthal noted that terms for officers are staggered, so two or three seats on the Board are available for which Association members can run each year. He encouraged interested members to advise the Board and the members of their intentions to declare candidacy early in the year, so that all members will have more time to study their resumes.

Mr. Blumenthal introduced Jim Kehoe, Seth Hmielowski, and Jim Gustafson of the architectural firm Caudill Gustafson & Associates to do a presentation on their firm's proposed alternative concepts for members of The Enclave, Inc. Association to consider with regard to a possible upgrade of the current facility and development of adjacent property owned by the Association.

Jim Gustafson opened the discussion with a brief history of the architectural firm. He then moved on to describe the road network that existed before the start of the Base Village project. He then described the new and changed chairlift and gondola alignments, and followed that with a description of the phasing of the Base Village development. Mr. Gustafson then moved on to discuss redevelopment of existing properties throughout Snowmass Village to give the attendees an understanding of how many properties have recently undergone significant work.

Mr. Gustafson then advised that Greg Rulon of Coates, Reid, and Waldron would now present his opinions of the status of real estate and real estate development in Snowmass Village. Mr. Rulon commented that the capital investment for Base Village has had a positive effect on values for all properties within Snowmass Village. Base Village properties that originally were under contract at \$1,000 per square foot were increased to \$1,150 per square foot. While some reservations were dropped at the publishing of the increased prices, those dropped reservations were immediately replaced at the higher prices. The new owner of Base Village has decided not to presell units and instead will put those units on the market, as the properties become closer to completion of construction. Mr. Rulon advised that prices as high as \$1,700-1,800 per square foot are possible at units within the Base Village development. He described the payback on special assessments at associations within Snowmass Village to be 3 to 1 in increased value.

Mr. Wissing asked Mr. Rulon if any properties were considering conversion to a fractional club. Mr. Rulon advised that, when he sells fractional property, he advises the buyers that they will likely be able to recoup their investment upon sale, but that he does not advise them to anticipate appreciation in real estate prices. One owner asked for two positives and two negatives about the Enclave from a realtor's perspective. Mr. Rulon advised that steps and minimal parking are negatives, and close gondola and Base village access are positives. Mr. Novo asked if changing building roof lines positively impacts unit real estate values of properties on floors that are not affected by changing roof lines. Mr. Rulon advised that, while he doesn't have specific data to answer that question, in general properties overall achieve higher prices upon renovation in Snowmass Village. Mr. Rulon advised that the SkiCo retained management of the Base Village properties and plans for 45-48% management fees. Mr. Blumenthal advised that the Base Village residential properties are designed for hot-bed use rather than long-term owner use. They also have established Improvement Districts which will levy taxes and assessments on owners in Base Village only to cover costs of Base Village infrastructure and Master and Sub-Condominium Associations with the power to assess its members for the matters handled by such associations.

Mr. Novo asked if the weak dollar is having an impact upon foreign ownership

growth in Snowmass Village. Mr. Rulon opined that foreign ownership is growing. Mr. Rulon then left the meeting, and Mr. Gustafson returned to the architectural presentation.

Mr. Gustafson then showed some computer images of The Enclave in relation to the buildings of Base Village, and various other perspectives of The Enclave. He then showed some of the possibilities for the building to add texture and articulation. He then described possible changes to the existing roof lines, parking areas, and stair/elevator towers. He also showed different scenarios for adding new units to various locations on Enclave property.

Mr. Blumenthal then introduced David Myler as a prominent, local real estate and land use attorney with extensive experience in Snowmass Village. Although he does not have a presentation prepared, Mr. Myler's role in today's presentation is to be available to answer general questions about redevelopment possibilities at The Enclave. Mr. Myler advised that in his opinion there is a window of opportunity for a project of this type to be presented to the TOSV, and that the current council is amenable at this point in time to considering projects of this sort. Mr. Myler also commented that in his opinion the TOSV may allow development of whole ownership units at The Enclave, as that would be a consistent with the current ownership profile of the property.

Mr. Blumenthal then asked each of the owners to express their opinions about the renovation concepts presented by the architect. The views expressed by the members ranged from not making any substantive changes to the current facility to consideration of the entire scope of work presented by Mr. Gustafson. Since there were so many opinions expressed by the attendees at the meeting, the Board requested that the owners submit their comments and opinions via email or in writing to Mike George at mgeorge@snowmasslodging.com. The Board will make these opinions available upon request to any interested owners.

It was agreed that the Board should continue exploring the various options for the up-grade and redevelopment of the current facility and surrounding property owned by the Association and report back to the membership in the future.

The annual meeting for next year will be at 4:00 p.m. on March 2, 2008: the first Sunday of that month.

8. Adjournment

Mr. Garon made a motion to adjourn the meeting at 8:15 PM. Mr. Fisher seconded, and the motion passed.

Respectfully submitted,

Mr. Oscar Novo, Secretary