

**MINUTES of THE ENCLAVE ASSOCIATION, INC.**  
**ANNUAL OWNERS MEETING**

March 3, 2013

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, at Snowmass Village, Colorado at 4:06 P.M. Nonmembers Michael George and Joe Porcaro of Snowmass Lodging Company (SLC) were present for the entire meeting.

| Members Present   | Unit #      | Points | Rental<br>Non rental |
|-------------------|-------------|--------|----------------------|
| Stiles            | 102         | 1170   | R                    |
| Klein             | 105         | 1170   | NR                   |
| Blumenthal        | 206/106/107 | 3885   | NR, NR, NR           |
| Burns             | 109         | 1170   | NR                   |
| Shrewsbury        | 111         | 1170   | NR                   |
| Lustberg          | 204         | 1170   | NR                   |
| O. Novo           | 207         | 1545   | NR                   |
| Hilsinger/Barford | 208         | 1545   | NR                   |
| Torelli           | 210/312     | 2715   | R                    |
| Kiewer            | 212         | 1170   | NR                   |
| Word              | 304         | 1170   | NR                   |
| Fisher            | 311         | 1170   | NR                   |

| Members Present<br>by Proxy | Unit # | Points | Proxy given To |
|-----------------------------|--------|--------|----------------|
| Henderson                   | 108    | 1545   | R Blumenthal   |
| Canfield                    | 110    | 1545   | R O. Novo      |
| Jacobs                      | 201    | 1860   | R Blumenthal   |
| G. Novo                     | 203    | 1170   | NR O. Novo     |
| Wiener                      | 211    | 1170   | R Blumenthal   |
| Oleshansky                  | 302    | 1170   | NR O. Novo     |
| Hart                        | 303    | 1170   | R Blumenthal   |
| Fiasse                      | 306    | 1170   | R O. Novo      |
| Garon                       | 307    | 1860   | NR G. Fisher   |
| Rimland                     | 310    | 1545   | R O. Novo      |

**TOTAL: ( 33,255/ 53,315 = 62%)**

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

2. Proof of notice of meeting

Joe Porcaro presented proof of notice of meeting.

3. Reading and approval of minutes of March 4, 2012, meeting.

Management had previously posted the minutes of the March 4, 2012, meeting. Mr. Lustberg made a motion to waive the reading of the minutes and approve them as written. Mrs. Lustberg seconded, and the motion passed.

4. Report of Officers

Mr. Blumenthal fielded questions from the members regarding Snowmass Village in general, the status of base village, and the local economy. Mr. Blumenthal noted that there are some sales of units at the Viceroy, and some different restaurants and businesses at the commercial nodes. Mr. Novo recommended that Mr. Blumenthal provide the link to the town archive of the meeting at which many of these issues were discussed. He will give it to Joe to circulate to interested members.

**State of the Property**

Completed projects last year and through this fall

1. Completed projects

- A. Repaired snowmelt system leaks at west parking area
- B. Installed electronic lock system on all administrative and unit doors. Mr. Novo noted that the time length of the lock programming is a variable, so owners should make sure to request year long programming. Management will remind owners to obtain key swaps with the October assessment mailings
- C. Pool and spa renovations that included resurfacing, new tile, new filter, new spa jet pumps
- D. Walkway repairs at 102, 202 and 302
- E. Repaired various sections of siding and fascia
- F. Stained and painted various sections of the building
- G. Performed roof maintenance and repairs
- H. Performed annual test and inspection on the fire alarm system
- I. Performed annual safety inspection on elevators
- J. Re-carpeted elevator cabs
- K. Purchased and installed a new pool cover
- L. Cleaned all fireplace flues
- M. Increased Internet capacity and speed
  - 1. Joe will ask the Internet company if they will institute a routine reboot schedule at the request of Dr. Kliewer

- N. Replaced stationary window with operating window in lobby
- O. Performed routine monthly testing of emergency lights

2. Projects proposed to be completed this spring/early summer

- A. Repair snowmelt leak at east driveway
- B. Repair seven (7) post-to-grade walkway connections

#### Financial Position

The Association is undergoing its outside audit at this time and expects neither adjusting entries nor negative management comments. The completed audit will be made available to any member upon request. The Association began the 2012-2013 fiscal year with an unaudited Operating Fund surplus of \$2,391.23 and budgeted to use this surplus in its entirety.

Current year operations through the first four months show an operating surplus to budget of \$1,392 with YTD savings against budget, primarily in Insurance premiums and Gas, with other line item variances offsetting.

There are four units with delinquent receivables, as of the meeting date. Mr. Porcaro has contacted them to request that they bring their accounts current.

The Reserve Fund (unaudited) at fiscal year-end 2011-2012 was \$804,841, and it is budgeted to increase to \$880,654, before expenditures to repair the east driveway snowmelt system this spring. The snowmelt system has one or more leaks, and repair costs to demolish concrete and repair the leak(s) cannot be pre-determined.

#### 5. Election of Directors

Mr. Blumenthal noted that this year one Board seat is open for election – that held by Mr. Fisher. Mr. Fisher has advised that he is running for re-election. 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. Novo made a motion to nominate the slate of candidates, and Mr. Fisher seconded. As the candidate ran unopposed, there was no need to do a paper ballot.

Mr. Fisher was elected to the Board.

#### 6. Old Business

##### Insurance

The Enclave continues to be insured under a master policy that includes Woodrun Place and Chamonix. The master policy allows these three properties to share in their

combined, aggregate replacement value for the purposes of paying for a claim, while maintaining separate claims history evaluations. The aggregate replacement value of all three properties under the master policy is \$91,736,099.

Of this amount The Enclave has an allocated replacement property limit of \$28,089,810. Under just its allocated limit the Association has average replacement coverage of roughly \$451 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 there have been any upgrades or improvements to a Unit and/or its contents, the owner needs to insure the value of those upgrades and/or contents. 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. 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 \$2,000,000, separate also from the property limits. For fiscal 2011-2012 the Association purchased a minimum premium worker's compensation policy, primarily to protect against uninsured subcontractors working on site who might become injured.

The Association purchased an outside appraisal during December 2008 for \$250. The results of that appraisal yielded a projected replacement cost of \$320.55 per square foot. This estimate of replacement cost excludes at least site excavation, foundation and site drainage systems, and soft costs.

John Wilkinson of Aspen Neil-Garing 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.

#### **Status of snowmelt leak**

As noted above, this winter we discovered new leaks in our driveway snowmelt system. The Association has deferred on these repairs until spring 2013.

#### **Lock System**

The unit lock system has been replaced.

## Crawl Space

Management had GS Enterprises, Inc. (GS), inspect the crawl spaces. The inspection report recommends significant repairs at a cost of approximately \$170,000.

Management at the direction of the Board then obtained proposals from two engineering firms to oversee the project and to review the scope of work recommended by GS. The initial engineering cost from both firms range from \$9,750 to \$10,000, with additional TBD incremental costs for on site management at fixed hourly rate schedules.

At present there is no line-item funding in either the Reserve or Operating Funds to pay for this scope of work. Management recommends an initial budget of \$200,000, as follows:

|                                  |           |
|----------------------------------|-----------|
| Remediation work                 | \$170,000 |
| Engineering & Project Management | \$20,000  |
| Contingency                      | \$10,000  |
| Total                            | \$200,000 |

Initial Special Assessments, if Special Assessments are chosen as the funding mechanism, to pay for such a project would then be:

|               |         |
|---------------|---------|
| Two Bedroom   | \$4,456 |
| Three Bedroom | \$5,884 |
| Four Bedroom  | \$7,084 |

After discussion Mr. Blumenthal noted that the Board plans to initially borrow the funds to perform this work from the Reserve, and to subsequently replenish the Reserve by increasing regular assessments over a three-year time frame. Costs for this work may ultimately be more or less than those described in these minutes.

## Relocation of Exercise Room

The owner of EN101 is still interested in pursuing plans of expanding his unit into the exercise room and subsequently improving the old ski shop room into a modern exercise room.

## 7. New Business

### Status of Walkways and Side Fascia (aka skirt or band boards).

This past summer we discovered that a support column outside units 102, 202, and 302 had sunk into two separate structural support beams. We hired a structural engineer to investigate the cause and to propose appropriate repairs. We also filed an insurance claim with Fireman's Fund, and the insurance company also sent its own structural engineer to perform an independent investigation. The two investigations independently

concluded that the cause of the structural damage is how the side fascia (aka skirt or band boards) and the walkway concrete abut. This abutment is trapping water from rain and snow against the structural wood that supports the walkways and the rest of our building - both the tongue-in-groove wood that is under the concrete upon which we all walk, and the large structural posts and beams. This trapped water has caused damage ranging from surface discoloration to structural degradation of the wood.

Our strategy to date, after consultation with our insurance claim representatives, architect, and engineers, has been to:

Perform immediate repairs to stabilize and raise the affected walkways by units 102, 202, and 302;

Establish criteria in concert with the engineers to investigate other areas of the building which might or might not have similar issues;

Perform those investigations.

It is important to note that the attendant costs to date have been fully funded by Fireman's Fund, our primary property insurance carrier. However, we were notified, first in September 2012, and later affirmed in January 2013, that Fireman's Fund has denied coverage for any future related repair expenses. We have filed a separate claim under our Difference in Conditions (secondary) policy with Allianz. Allianz has advised that it is hiring independent counsel to review the Fireman's Fund policy and determine whether Allianz agrees with the conclusion of Fireman's Fund to deny coverage.

In addition, we have engaged our own independent counsel to review coverage issues with our insurance carriers.

Concurrently with our insurance work, the engineer, architect, and insurance representatives agreed that removal of sections of the side fascia to allow visual inspection of the structure was the next appropriate step to take. We did this work in late summer, and the engineer concluded that the exposed structure could be classified as Good, Fair, or Poor, depending upon the examined components. However, because there was a wide range of results for the limited structural components observed, the engineer has recommended further investigation. We are in the process, with our engineering consultants, of trying to determine the most cost effective and least impactful additional investigations to perform.

Once the extent of the damage is known, we can proceed with establishing the repair process and costs of repairs. It is likely that we should prepare for a special assessment to pay for these expenses, if we ultimately determine that no further insurance proceeds will be made available to us. We should plan for expenses of approximately \$200,000 in addition to the funds needed to repair the crawl space, as noted above. As more information becomes available regarding costs and scope of work, we will provide this information to our members. In the interim we plan to fund the

investigative costs by borrowing from our reserve and then subsequently replenishing our reserve over a three-year time frame, as noted above for the crawl space work.

During our summer and fall investigations, the engineer advised that we need to perform repairs to seven (7) support posts, as noted above, that stretch from the lowest walkway to the ground. The accepted bid to repair the grade to lowest level walkways is \$6,842, and we will undertake these repairs, as soon as the ground thaws in spring of 2013.

Management was instructed to hire SGM to provide a proposal for services, address whether there are any alternatives to the KLA proposal, and to provide a written opinion of risk about use of the property before repairs can be completed. Costs for this level of investigation will be treated as loan from the Reserve, to be replenished on the same schedule as the costs for the crawl space work.

Management will also expand the scope of engineering review to include those structural elements located in the crawl space.

#### Other

#### Motion to Ratify the Acts of the Board and/or Directors

Mr. Lustberg made a motion to ratify the acts of the Board and/or Directors for the last year. Mr. Hilsinger seconded, and the motion passed.

#### 8. Adjournment

Mr. Hilsinger made a motion to adjourn the meeting at 06:11 PM. Mr. Novo seconded, and the motion passed.

Respectfully submitted,

Mr. Oscar Novo, Secretary