

MINUTES of THE ENCLAVE ASSOCIATION, INC.
ANNUAL OWNERS MEETING - Draft

March 8, 2015

1. Roll call and certification of proxies

Mel Blumenthal, President of the Association, called the meeting to order in the meeting room of Woodrun Place in Snowmass Village, Colorado at 2:09 P.M. Nonmembers Michael George, John Warner, and Joe Porcaro of Snowmass Lodging Company (SLC) were present for the meeting. Other attendees at various times during the meeting were Jim Gustafson and Melanie Noonan, architects; Mike Hoffman, Enclave attorney; Greg Rulon and Stacy Kelly, realtors, Joshua & Co/Douglas Elliman Real Estate; and Kelly Boggs, tax accountant. Board member Stuart Kaufman monitored the meeting via phone.

Members Present	Unit #	Points	Rental Non rental	= R = NR
Stiles	102	1170	R	
Losi	104	1170	NR	
Klein	105	1170	NR	
Blumenthal	106/107/206	3885	NR, NR, NR	
Henderson	108	1545	R	
Burns	109	1170	NR	
Branner	202	1170	R	
Lustberg	204	1170	NR	
O. Novo	207	1545	NR	
Wiener	211	1170	R	
Patenaude	212	1170	R	
T. Word	304	1170	NR	
Garon	307	1860	NR	

Members Present By Proxy	Unit #	Points		Proxy given To
Chomsky	112	1170	R	Blumenthal, limited authority
Jacobs	201	1860	R	Blumenthal
G. Novo	203	1170	NR	O. Novo
Eldean	205	1170	R	Blumenthal
Hilsinger	208	1545	NR	Blumenthal
Duvoisin	209	1170	R	O. Novo
Kaufman	213	1545	R	O. Novo
Shifman	308	1545	R	Garon
Rimland	310	1545	R	O. Novo
Fisher	311	1170	NR	O. Novo

TOTAL: (33,255/52,515 = 63%)

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

John Warner presented proof of notice of meeting.

3. Reading and approval of minutes of March 9, 2014, meeting.

Management had previously posted the minutes of the March 9, 2014, meeting on the slcassoc.com website. Mr. Klein made a motion to waive the reading of the minutes and approve them as written. Mr. Garon seconded, and the motion passed.

4. Presentations

A. Introduce John Warner

B. Farewell and acknowledgement of Joe Porcaro's Service to the Enclave
State of the Property

Completed projects last year and through this fall

1. Completed projects

- A. Repaired heat tapes
- B. Completed crawl space remediation project
- C. Completed remaining most critical structural repairs of decks and balconies
- D. Replaced carpet in the exercise room
- E. Repaired the office boiler
- F. Repaired the snowmelt boilers
- G. Repaired snowmelt system plumbing leaks
- H. Repaired multiple plumbing supply leaks
- I. Added some temporary crawl space lights and repaired cable lines
- J. Caulked driveway concrete seams
- K. Repaired the exercise bathroom
- L. Performed annual test and inspection on the fire alarm system
- M. Performed annual fire extinguisher tests, recharges, and replacements, as needed
- N. Performed annual safety inspection on elevators
- O. Washed and sealed pool and spa decks
- P. Performed routine monthly testing of emergency lights
- Q. Replaced pool cover
- R. Performed roof repairs
- S. Initiated redevelopment review with architect
- T. Partnered with SkiCo and Viceroy in the reconfiguration of berm grounds to improve east side ski access
- U. Painted various exterior walls with sample colors
- V. Built fenced areas into the elevator rooms, as required by the state inspector

- W. Cleaned interior and exterior of windows
- X. Had boilers inspected to identify necessary maintenance work now planned for this spring
- Y. Inspect and clean chimneys

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

- A. Continue structural repairs of decks and balconies
- B. Complete overlay for replaced walkways
- C. Add signs at lockers for users to lock them

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.

Current year operations through the first four months show The Enclave to be on budget with various line item variances offsetting.

All owners are current on assessment receivables at present.

The Reserve Fund (unaudited) at fiscal year-end 2013-2014 was \$533,954, after spending \$6,650 on replacement common area doors to the electric meter rooms on the east side of the building and some damaged exterior unit closet doors. The Enclave also spent \$6,557 on mechanical repairs to pool/spa equipment, and \$2,760 on pool and hot tub tile repairs, \$5,500 on a site improvement survey, \$199,754 on crawl space remediation (CSR), and \$278,144 on structural deck and balcony replacements and repairs (DBR).

At present in fiscal 2014-2015 the Enclave has one ongoing Reserve fund project – DBR. The association has spent approximately \$18,000 to date for painting schemes and redevelopment concepts from the Reserve Fund. The Reserve Fund after January 2015 has a balance of \$594,520.

5. Election of Directors

Mr. Blumenthal noted that this year four Board seats are open for election – those held by Mr. Blumenthal, Mr. Klein, Mr. Garon, and Mr. Henderson – all of whom indicated that they are 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. Lustberg made a motion to nominate the slate of candidates, and Mr. Wiener seconded. As the candidates ran unopposed, there was no need to do a paper ballot.

Mr. Blumenthal, Mr. Klein, Mr. Garon, and Mr. Henderson were elected to the Board.

Old Business

Crawl Space Repairs (CSR)

The Enclave has a three-year replenishment funding program via special assessments to pay for the costs of the CSR. Year one (fiscal 2013-2014) had a special assessment levy of \$81,084 for this purpose. Year two (fiscal 2014-2015) had a special assessment of \$71,539. Year three will be adjusted, so that the costs of the CSR that have been expensed to the Reserve Fund will have been replenished by the members over those three years. The amount that we anticipate will be approved for a special assessment for fiscal 2015-2016 is \$71,539.

Deck and Balcony Repairs (DBR)

The Enclave has a three-year replenishment funding program via special assessments to pay for the costs of the DBR. Year one (fiscal 2014-2015) has a special assessment of \$101,888. Years two and three will be adjusted, so that the costs of the DBR that have been expensed to the Reserve Fund will have been replenished by the members over those three years.

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 \$93,310,460.

Of this amount The Enclave has an allocated replacement property limit of \$28,932,504. Under just its allocated limit the Association has average replacement coverage of roughly \$465 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 2013-2014 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 this past fiscal year. The results of that appraisal yielded a projected replacement cost of \$447 per square foot.

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

Efforts to identify the source of the snowmelt leak at the east end of the property were unsuccessful. Staff members continue to shovel the concrete areas on top of the leaking loop section.

6. Report of Officers and Property Manager

With respect to confirming the accuracy of the estimated replacement value of the Enclave facility Mr. Garon recommended that at least every 2 years, Management gets an estimate of replacement construction cost from a licensed contracting company to compare with the appraisal projected replacement cost.

Exterior Paint and Stain

Management noted that a bid has been received to repaint/restrain essentially the entire building in the rust/latte color scheme recommended by the Enclave architects, Jim Gustafson and Melanie Noonan, and approved by the board. Railings are to be black fox. The initial estimate for this work is approximately \$106,000. Management will seek additional bids.

Management has also received a bid to power wash and seal all three floors of the courtyard walkways, once the last of the replacement topical overlay is completed, as well as the pool, hot tub and west side entry stairway. There are some damaged overlay sections that are scheduled for remedial work this spring via retention from the contractor.

Two coats of sealer will cost approximately \$11,000 for the walkways and the pool areas.

Status of Roof

The roof has been examined by a roofing inspector. His opinion, as of July 2014, was that the roof is at the end of its useful life. Maintenance, which is increasing, may, but is not guaranteed, to extend the life of the roof in the short term. We have invested \$19,110 in roof repairs to date this fiscal year, and we are holding back 25% as retention until we can resolve a dispute between the inspector and the roofer, as to scope of work completed. We have experienced three roof leaks to date this winter from water that we suspect is penetrating at the roof/wall transitions on the south side of the structure into units 202 (2X) and 207 (1X). Management and the Board strongly recommends that roof replacement commences not later than spring of 2016, and in the interim, hopefully, ongoing maintenance will alleviate any significant emergency repairs.

Retaining Wall Readings

The Board has authorized management to have the retaining walls at the garage bay levels surveyed on a recurring basis during this fiscal year. These types of walls are constructed to step back into the hillside, and the ones on our property over their 35 year life span are showing evidence of extreme deterioration, as is the case with similar rail road tie retaining walls built in the 1970s throughout the village. Over time our walls have moved to the point where they now bow out towards the street. We can't know yet precisely how much hidden deterioration has occurred, but similar to other village locations with 1970s railroad tie retaining walls, time is rapidly approaching for their replacement. The engineer has taken four sets of readings since September. The last two sets showed about 1/8 of an inch of movement since the original readings in three of thirty locations. These retaining walls, according to our architect's advice, will need to be replaced in the near future. Due to the age and condition of our original garage roofs, replacement of these retaining walls should occur at the same time as replacement of those roofs which will commence not later than spring of 2016.

Sprinklers and Sprinkler Cages

Management noted that Woodrun Place has suffered through some very expensive and disruptive leaks in recent years, many of which are from sprinkler heads in the fire suppression system with a very serious and expensive recent incident. This note is a reminder not to disturb these heads in any way, and also not to obstruct them with shelving and other personal property. The latest Woodrun Place leak was caused by an owner who placed a bag on a shelf that was located very close to a sprinkler head. When he removed the bag, he accidentally hooked the bag handle over the sprinkler head and snapped it off. That incident resulted in severe damage to two units that is expected to cost in excess of \$100,000 to repair, five insurance claims, and the displacement of multiple occupants at a very busy time.

Please look at the sprinkler heads in your units, and please send an email to Mike and John, if you would like them to arrange for the installation of any protective cages to be installed over the sprinkler heads.

Spring Structural Work

The engineer is performing annual readings of the structural Decks and Balconies. His latest readings indicated that another deck – 206 – should be replaced this spring, along with some other, less costly, work. This replacement will be charged to the reserve, and the Board will discuss how the costs of this work should be funded. Management recommends that the board use the same method of borrowing from the reserve as has been done for the DBR project, but recover the amount spent in the next fiscal year. As the rails and fascia boards will have to be removed in order to establish work scope, pricing of the project is not available at present. Removal of those things is scheduled for immediately after the end of the ski season.

Boilers System

The boiler systems, both domestic hot water and snowmelt, will need between \$11,000-\$13,000 in repair and maintenance work to get back on track. This will increase the

efficiency and longevity of the current boilers by returning them to original operating condition. We plan for this work to occur in the spring and to be charged to the reserve fund.

Elevators

We have also received a proposal from ThyssenKrupp elevator service to upgrade the elevator mechanicals (excluding pistons). It was also suggested that the appearance of the inside of the cars be updated. The cost for upgrading only the elevator mechanicals was quoted at \$141,940. If the mechanical upgrades do not happen, and a major failure occurs in the control system the Enclave may be forced to do this work on an emergency basis during a period of high winter or summer occupancy due to the obsolescence of the current systems. The current systems have been in place since 1980 with no major updates. Management will further refine the scope of work, costs and timing to perform such work. Larry suggested that we consider replacing old elevators with new ones, possibly keeping and updating the existing cars. Once we better understand the scope of work we can do a cost/benefit comparison.

7. Architect and Developer presentation of concepts for upgrading the appearance and development of four new duplex units on our west side parcel. Presentations were conducted by Jim Gustafson and Melanie Noonan, architects.

Mike Hoffman, Enclave attorney, and Kelly Boggs, tax accountant, were present to provide answers to legal and tax questions. Mr. Boggs advised that each owner would need to consult with their individual tax advisor about how any sale of common elements (eg. the sale of the developable parcel on the west side of our property) might affect them personally. Mr. Hoffman noted that any significant change of The Enclave, because it is part of a Planned Unit Development (PUD), would involve review by the Snowmass Village Community Development Dept.

Greg Rulon and Stacy Kelly, realtors, Joshua & Co/Douglas Elliman Real Estate presented Snowmass Village real estate overviews and commented upon what effect renovations to the existing facility might have. Overall their recommendations confirmed the importance of aesthetic and structural renovations to the existing facility.

The attending members discussed the concepts of building renovation and capital replacements of major components, such as the roof, retaining walls, elevators, etc. Owners expressed various opinions about different elements of the ideas under consideration. Mr. Patenaude commented that views from his unit were the deciding factor in his family's decision to buy here. He is happy with what he has, but he is not opposed to common element improvements. Mr. Wiener noted that he was unsure of return upon investment for the scale of improvements under consideration here. He felt that an elevator to the pool level, paint schemes, and roof line changes were important. Mrs. Wiener noted that her family had recently upgraded portions of their unit, but they were hesitant to make further investments until the appearance of the exterior common elements were addressed. She commented that her family had listed and then removed their unit from the market, as there was no interest at their price point from the market. Mrs. Blumenthal commented that curb appeal was important to any buyer, and the curb appeal of the Enclave was lacking at present. Mr. Henderson commented that significant

expenditures for elements like the roof are needed soon, so any decisions about the building that involve aesthetic structural changes need to be made at this time. Mrs. Klein was not opposed to the proposed roof line changes, as long as the columns that carry those roof loads do not run down to the ground floor decks and patios. Mrs. Lustberg noted that she loves the Enclave for many reasons, but she is opposed to variable changes to different units that are not done consistently throughout the property, such as allowing some units to expand, while others do not, at least in the same vertical stack. She noted that the stairs needed to get to most of the units are a disadvantage, when comparing this property to others. Mrs. Lustberg also brought up potential loss of use of the property to accommodate construction. She also expressed concern that non-attending members may not be able to understand the details of the project unless they attend these meetings. Mr. Lustberg commented that he liked both the property in its current state and a lot of the ideas that were under consideration. He is strongly opposed to construction work that would interrupt traditional summer and winter seasonal use. Mr. Stiles commented that financing and payment issues were a concern, and he was also concerned with integrating both the “must do” remedies of deferred construction and an aesthetic renovation. Mr. Garon was for proceeding with both elements under consideration. Mr. Klein commented that he has been here for 28 years and has borne the costs of all of the assessments during that time span. He now concludes that the entry of the property is in significant need of improvement, as are the elevator stacks. After sitting through many architectural presentations, he is supportive of proceeding with the aesthetic improvements. Ms. Word noted that she is a realtor and that the community is in somewhat of a state of aesthetic renovation overall. Use of the property is important to her family. She thinks that prices/sq ft will improve, when Base Village construction ramps up. She also thinks that availability of larger views from the upper units is important, as she owns a 3rd floor unit. She thought curb entry improvements should be considered, but that costs for these things would drive her decision about support of those items. Mr. Losi noted that everything presented looked wonderful, but his decision would be driven by how much each of the elements cost. Mrs. Novo noted that she was concerned about the costs for aesthetic changes, when “must do” construction costs were considered. She also noted that the landscaping around the existing west stairs was important to her. Mrs. Klein noted that one of the worst experiences of the property is the east entry hallway from the garage to the east elevator. Mr. Novo noted that he was surprised at how much discussion had ensued today about the aesthetics of the property. He thought the focus should be more about how much investment was under consideration here, when many properties have lost value, despite investing large amounts of capital in improvements. He also noted that Base Village, when it first came under construction, created significant increases in Enclave unit valuations. When Base Village and the overall US economy stalled, that resulted in significant losses in unit valuations. He recommends caution and studied consideration of these matters before the Enclave members come to any decision.

Mr. Blumenthal then commented that development of the west side parcel should be shelved at this time, as there is no acceptable developer proposal at present. However, in order to maximize and preserve the value of this asset Mr. Blumenthal recommended that we should proceed now with the process of entitling this parcel for development in the future since the timing to do so with the Town is more favorable in the short run than is likely to be the case down the road. Our Architect, Jim Gustafson, who is also a long time member of the Snowmass Village Planning Commission, recently met with the Town’s Community Development Director in an informal discussion concerning the potential

development of our westside parcel. As a result of those discussions he confirmed that in order to preserve the value of the parcel it's best to go through the entitlement process now inasmuch as the Town's current receptivity to such development would likely not be as great as it currently is particularly when Base Village recommences construction. He agrees it's best to entitle the property now even if we do not have any current plans to commence construction in the near term. Our development entitlement would be vested for a minimum of three years and quite possibly 5 years or a bit longer. Even if the entitlement is obtained in the near future no decision to sell or build on the parcel can be made without the approval of at least 70% of the HOA membership. The estimated cost to entitle the parcel is in the neighborhood of \$200,000. Mr. Kaufman, by phone, indicated he was opposed to spending much needed funds to pursue an entitlement for something that may never be used or which may well be attainable when and if it were desired. He also indicated he was very much opposed to building on the parcel in question for many reasons, not the least of which it will cause him and the owner of the unit below him much greater damage than the benefit to any other owner. Mr. Blumenthal noted that between the "musts dos" and the aesthetic proposals, he believes that The Enclave must move forward under the expectation that costs for both can be expected to be in the neighborhood of \$4 million. He then recommended that The Enclave form several committees to further explore the myriad details involved in the matters discussed above. The committees will report back to the Board and Membership with their recommendations at a date to be set for July or August, 2015:

"Finance" – Rimland, Novo, Kaufman, George, and Henderson

"Must Dos" – John Warner, Glen Fisher, and Mike George

"Design & Aesthetic Upgrades" – Garon, Blumenthal, Klein, and Kaufman

"Land Entitlement" – Blumenthal, Garon, Kaufman, Novo, Henderson, Hoffman, and Gustafson

8. New Business

Other

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

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

9. Adjournment

Mr. Garon made a motion to adjourn the meeting at 6:52 PM. Mr. Novo seconded, and the motion passed.

Respectfully submitted,

Mr. Oscar Novo, Secretary