

# Pines Condominiums Phase II

C/o Lindell & Associates, P.C. PO Box 160099 Big Sky, MT 59716

---

**Annual Membership Meeting  
August 30, 2012 @ 9:00 a.m.**

## **MINUTES**

### **I. Call to Order**

The meeting was called to order by President Walter Kobin at 9:05 a.m. In attendance were the following owners: Dick Braun; unit I1 (via conference call); Walter and Peg Kobin; unit I2; Doug and Sarah Crowther; unit J1 (via conference call); Jana Butler; unit J3; Kathy Rude; unit J4; Irena Sniecinski; unit K4; Carie McKinney; unit L2 (via conference call). Others in attendance were the following: Rich Lindell (accountant, Lindell & Associates P.C.); Scott Hammond, Beth Hickey, and Alison Gregory of Hammond Property Management, Inc.

A quorum was established with 81% of the membership represented via attendance or proxy.

### **II. Developer's Report**

The Board of Directors invited the developer, Skip Radick of S & D Development, to the meeting to report on the status of the L building and the M building site. Mr. Radick announced unit L2 sold in late spring 2012. Unit L3 is under contract and should be closing the week following the annual meeting for \$399,000. Units L1 and L4 are the end units and are available for sale. Unit L4 will become the Model Unit when Unit L3 closes in the upcoming week. All units in the L building are identical to each other and all have the same finishes.

Mr. Radick has no immediate plans to begin construction on a new building at the M building site.

Mr. Radick commented the L building is scheduled to be painted following the completion of the painting of the I, J, and K buildings. EL Painting, Inc. is painting the I, J, and K buildings for the Pines Phase II Association. Mr. Radick contacted EL Painting to also paint the L building. At the end of the painting project for Pines Phase II (Buildings I, J, and K) and S & D Development (Building L), all buildings will be in the same exterior condition. Mr. Radick explained he has also replaced some fascia and performed some exterior maintenance on building L to ensure it is in the same condition as the I, J, and K buildings for the conveyance process of the L building into the association.

Mr. Kobin thanked Mr. Radick for attending the meeting and providing an update.

### **III. Approval of Minutes of 2011 Annual Meeting**

The minutes of the 2011 annual meeting were reviewed. Ms. Butler made a motion to approve the 2011 annual meeting minutes as presented. Ms. Rude seconded the motion. All in favor; motion passed.

### **IV. Financial Review/Treasurer's Report and Proposed Budget (*Please Refer to Exhibit A*)**

Rich Lindell presented the financial information for the Association, beginning with the Statement of Assets, Liabilities, & Fund Balance. Pines Phase II's year end is 9/30/2012. The financials

presented are as of 6/30/2012. Mr. Lindell commented the association is in a very strong cash position. Total assets are \$28,347 in the operating fund. In the reserve fund, there is \$24,628. The painting/staining project currently taking place will be paid from the reserve account. The total fund balance is \$52,975. Mr. Lindell requested the Board authorize a new account be created at Big Sky Western Bank for the reserve fund for the Association. It is strongly recommended to have a separate account (most likely a savings account that will earn interest) to transfer reserve funds into. The operating funds and reserve funds should be segregated. The Board agreed to move forward in the direction of setting up a separate account to segregate the operating and reserve funds.

Ms. Sniecinski asked why the owners were requested to pay the special assessment for the painting/staining prior to the completion of the project. Mr. Kobin responded at the time of the special assessment, the Board did not know 100% when the painting/staining project would begin as that type of work depends so much on weather. It is the Board's fiscal responsibility to approach a project such as the painting/staining project with the appropriate funds. Therefore, the Board special assessed the owners prior to the start of the project to ensure the assessments would be paid and the contractors could then be paid upon completion of their work. It is necessary to perform in this manner to ensure the project is complete and the parties involved are paid accordingly.

Mr. Lindell continued to the second page of the financials, the Statement of Revenues, Expenses and Changes in Fund Balances. Total revenues for the operating fund are \$38,167. This includes the quarterly assessments for the HOA as well as the \$12,000 special assessment for the painting/staining project. Total expenses in the operating fund as of 6/30/2012 are \$35,396. With the surplus from 9/30/2011, the operating fund has a fund balance of \$28,128 as of 6/30/2012. The Betterment reserve has a fund balance of \$4,950 as of 6/30/2012. A total of \$1,176 was used from the Betterment reserve for the fencing that was installed at the complex for safety and liability concerns. The Driveway reserve has a fund balance of \$6,426. \$200 was used for the asphalt/reseal work that took place at the campus this summer. Both the Siding/Staining reserve and roof reserve have fund balances of \$6,626. Total fund balances as of 6/30/2012 are \$52,756.

Mr. Lindell concluded his report on financials ending with the Budget to Actual and Proposed 2012/2013 budget. The budget to actual is as of 6/30/2012. The Association's total budget is \$36,772 leaving roughly \$3,200 left for the remainder of the fiscal year that ends 9/30/2012. For the administrative section, the Association is over budget by roughly \$5,300 which is mostly made up of legal fees and the S & D Resolution. The Association was able to collect roughly \$8,000 from S & D Resolution and did have to write off about \$8,000. The landscaping reserve line item is also over budget by roughly \$2,300. Other than the noted items over budget, the Association is doing well and the budget is functioning properly.

The proposed 2012/2013 budget was discussed. There are few changes with the proposed budget. The budget will increase to \$44,000 for the acquisition of the L building with the sale of unit L2. The management fee will increase to \$6,000 to accommodate for management of the L building. The dues will remain consistent for owners at roughly \$1,000 per quarter. Mr. Lindell commented the Association's budget is performing well and the financial health is strong and there are no major concerns. The reserves for the Association are acceptable and remain at 18% of the operating budget.

Ms. Butler asked how the painting/staining project was being funded. Mr. Lindell explained the project was being paid for by the special assessment of \$12,000 as well as from all the reserves

(Betterment, Driveway, Siding/Staining, and Roof) to satisfy the full amount of the project. The roofs will not have to be replaced for another 15 years so the Association has a little bit of time to begin saving again for a roof project. It is likely the Association will receive a special assessment for roof replacement in 15 years but the process can be discussed at a later time when relevant. The total painting/staining project cost roughly \$36,000.

Ms. Rude asked if it was necessary to begin saving 30% of the operating budget to reserves which would call for an increase in the budget and dues. Ms. Rude was not advocating this for 2012/2013 but suggested a stronger reserve budget may be necessary to discuss for the future. Mr. Kobin agreed and commented that the owners at Pines Phase II enjoy a small association and do not have to pay higher dues for servicing and/or having a clubhouse, pool, etc. The dues have not had to be raised and the owners have all been able to pay a special assessment for projects such as the Landscape Improvement Project and the Painting/Staining Project. However, it is probably a good idea to begin discussing how the reserves can be increased slowly over several years to help with a future roof replacement project. A healthy reserve fund is greatly reflected when a unit sells because it is so well funded. More discussion will take place among the Board when necessary.

Ms. Rude made a motion to accept the proposed 2012/2013 budget as presented. Ms. Butler seconded the motion. All in favor; motion passed. The proposed 2012/2013 budget was accepted. The dues will remain the same for the owners at roughly \$1,000 per unit per quarter.

Mr. Kobin thanked Mr. Lindell for his presentation of the financials.

#### **V. Painting/Staining Project Update**

The painting/staining project is in the final stages of completion. The contractor is responsible for putting all items back as they were originally before leaving the complex. There will also be a final walkthrough with the contractor and Mr. Kobin to address any items/areas missed and/or that need additional work.

Mr. Kobin asked Mr. Hammond to explain another item unrelated to the painting/staining project that was noticed. As of the annual meeting, Cornerstone Management Services, Inc. is working at the Association Pines I on their chimney caps. The caps are not part of the rock masonry work meaning the tin caps are less in width than the actual rock work. Water is leaking into the manufactured rock and causing it to deteriorate. In summary, the rock is failing. CMS is taking off the caps, replacing the deteriorating rock, and replacing the caps. Pines I is about 10 years older than Pines II. However, Mr. Hammond wanted to alert the owners regarding this and feels it is appropriate to begin discussing a solution for Pines II. The Board requested Mr. Hammond obtain firm estimates from CMS and another reputable contractor to perform similar work at Pines II and then present to the Board. Since the concern is not yet a problem at Pines II the Board can determine how to address this work in phases over multiple years so the owners are not assessed to perform this project. Pines II has a little bit of time to address and provide a solution. There is no real danger at this point. Mr. Crowther asked if the L building will be addressed by S & D Development. Mr. Hammond will get a quote for the L building as well to have S & D Development address per the Board's request. The new owner of L2, Ms. McKinney, commented her inspection report did mention something about the chimney cap. She will look into this and follow up with the Board regarding the inspection report. Upon receipt of the estimates, more information will follow at a later time.

No other business was discussed.

## **VI. Manager's Report (Please Refer to Exhibit B)**

Mr. Hammond presented the Manager's Report and read through the highlights of services completed at the complex this year.

After completion of the Manager's Report, there were no questions regarding the report. Mr. Hammond thanked Mr. Kobin and the Board for their involvement and management of the Painting/Staining project. Ms. Sniecinski expressed a concern with the landscaping around her unit, K4: when the Landscape Project was taking place and the sprinklers were installed around her unit, top soil was not placed back on top. As a result, the yard looks poorer, bushes are uprooted, and the entire area is not doing well.

## **VII. Old Business**

Mr. Kobin discussed the status of an entrance sign and name change for Pines Phase II. Nothing has been performed regarding the two mentioned items. A new entry sign would cost roughly \$2,000-\$3,000. At this time, those additional expenditures are neither available nor necessary to spend. Also, no final decision has been discussed further and/or made as to what the new name for Pines Phase II would be. Therefore, nothing will take place at this time regarding the entry sign or name change. There were no questions.

Ms. Rude asked for any suggestions to help with significant ice buildup on sidewalk and entry by her unit. Mr. Hammond commented it is an ongoing controversy on what to use. HPM does use ice melt. However, it is used carefully. HPM places ice melt down on ice and lets it melt away but shovels it promptly to try and prevent it from deteriorating the side walk. If the ice melt is just left on the sidewalk for months and months and not shoveled, this will cause deterioration. Therefore, if ice melt is addressed in this manner, it is okay to use on sidewalks.

Ms. Sniecinski asked if the four dead trees at the rear of her unit could be removed. She commented it was approved a few years ago to remove the 4 dead trees. Mr. Hammond is visiting the property after the annual meeting and will mark the 4 trees to be removed. He will follow up with the Board and get authorization to remove the dead trees upon their review.

## **VIII. New Business**

HPM will address with Big Sky Water and Sewer a beeping sound coming from the water shed.

Ms. Butler requested permission to install or have HPM install a "No Parking" sign between units J2 and J3. Vehicles continue to park in that area on the edge of the road. There is really no room for a vehicle and it is especially problematic in the winter. The Board authorized HPM to move forward with ordering and installing a sign.

There was no other new business to discuss.

## **IX. Board Member Nomination and Election of Officers**

There were no new nominations and/or interested parties to serve on the Board of Directors.

In the absence any other interested parties, Mr. Kobin entertained a motion to accept the present Board for another year of service. The present Board is: Walter Kobin, President; Doug Crowther, Treasurer; and Jana Butler, Secretary. Ms. Rude made a motion to accept the current slate of the Board of Directors for another year term. Ms. McKinney seconded the motion. All in favor; motion passed. The present Board has been reelected for another term.

## **X. Questions/Answer Session**

Ms. Butler asked if the Association is going to approach S & D Development regarding the empty lot on the complex. The empty lot is the building site for the M building if the M building is constructed. There was discussion at one time among multiple owners to acquire the lot for the Pines Phase II HOA and build a storage facility for vehicles, boats, trailers, etc. There was not enough favorable interest from all owners to move forward with this request. Ms. Butler asked if some of the owners, but not all, were interested, would that suffice. Unfortunately, it is not that simple. The HOA would have to go through the necessary and possibly expensive process of amending the governing documents and getting approval from multiple entities and owners. The area cannot be "owned" because it is a common element and if brought into the HOA would be deeded as part of the Association. In summary, there are multiple parties that would be involved and have to approve of this project. The likelihood this request would be involved is minimal. The cost to purchase the M building site would be roughly \$135,000 to \$150,000. No other discussion took place.

Ms. Rude thanked the Board immensely for their time, work, and dedication to Pines Phase II and thanked Hammond Property Management, Inc. for their responsiveness and superb management of the complex. The Board and HPM thanked Ms. Rude.

## **XI. Adjournment**

Ms. Sniecinski made a motion to adjourn the meeting at 10:25 a.m. Ms. Butler seconded the motion. All in favor; motion passed; meeting adjourned.