



PO Box 160099 Big Sky, MT 59716

Annual Owners' Meeting

February 12, 2016 9:00 AM

Big Sky Water & Sewer District Building

Call to Order

Presiding Officer Brad Fretz called the meeting to order at 9:05 am. A quorum was established with 65.6% of the membership represented in person and by proxy.

Board members in attendance were Brad Fretz of unit 43, Bob Shanks of unit 30, Jim Hammelman of unit 11 (via conference call), and Kelly Brown of unit 22. Owners in attendance were Collin Dobrovolsky of unit 13 (via conference call), Ken Jackson of unit 42 (via conference call), Jay Scott of unit 49 (via conference call), Meg O'Leary of unit 19 (via conference call), Hugh Long of unit 6, Frank Alley of unit 36, Sue Merry of unit 35, Anne Reid of unit 34, Cynthia Garrity of unit 37, and Loretta Backstrom of unit 44. Also in attendance were Accountant Rich Lindell and Chad Palmer of Lindell & Associates, P.C.; Scott Hammond, Ryan Welch, Michelle Everett, and Katie Coleman of Hammond Property Management.

Approval of the 2015 Annual Meeting Minutes

Fretz made a motion to approve the Minutes of the 2015 Annual Meeting. Shanks seconded the motion. All were in favor; none opposed. The minutes from the February 13, 2015 Annual Owners' Meeting were approved.

Fretz stated that 2015 was a good year for the Association. The Association's budget performed well, and there were not many significant problems.

Financial Review

Hammelman and Lindell provided the Financial Review. Hammelman stated that the main goal of the board is to try to use the members' assessment dollars as carefully as possible while adequately maintaining the complex. Lindell then discussed the financial statements from 2015. He began with the balance sheet. He noted that the Association had \$275,428 between the reserve and operating accounts, which was up from \$207,711 the previous year. He also stated that there were no owners behind on assessments. Lindell stated that the money market accounts do not earn much interest. Hammelman stated that the board has discussed laddering a CD portfolio to potentially increase the interest earned. He noted that the roof reserve had \$244,027, the road reserve had \$13,441 and the betterment reserve had \$8,120 at year-end. Lindell also explained that the IRS now requires that associations classify painting and staining as operating expenses rather than reserve items. Lindell then discussed the budget to actual. He explained that maintenance went over budget, mostly due to fire suppression maintenance and building maintenance. The total operating budget performed very well. Hammelman then discussed the 2016 budget that was approved by the board. He stated that the board continues to focus on growing the reserves, especially the roof reserve. The board anticipates that roof replacement will likely be

needed between 2020 and 2025 at a cost of around \$680,000. Hammelman explained that the board has discussed increasing the budget in the future to allow for increased maintenance costs and to allocate more funds to the roof reserves. Hammelman then stated that the insurance is shopped annually, and the premium has stayed relatively flat. He also reminded the owners that each unit owner is required to have liability insurance in place.

Property Manager's Report

Hammond and Welch presented the Property Manager's Report. Hammond stated that 2015 was a very smooth year. He stated that the new security camera system was working very well. He then explained that the board asked him to look into how SPC's reserves stand against other comparable associations he manages. He stated that SPC contributes 21.5% of the budget to reserves, where two other high-end associations in the meadow contribute 23% and 25%. Hammond explained that neither of those associations have a pool or pond that factor into their budget, so he believes SPC is in good shape. Welch then discussed some highlights from his report including: installation of four new security cameras and an audible alarm in the pool area, the addition of three parking spaces near unit 2, the addition of hanging flower baskets, facilitation of the repair and cleanup from a broken backflow preventer at unit 53, management of the irrigation and addition of sod, completion of two utility box covers, repair of damaged concrete on the pool fence posts, installation of signage at the clubhouse, management of the fire suppression inspections and repairs, and management of the heat tape system. Shanks thanked Ryan for his efforts, and encouraged owners to contact HPM if they have any concerns. He also encouraged that owners use the maintenance document that is available on the HPM website. Backstrom also thanked HPM for the work they have done over the past year.

2016 Project List

Hammond discussed the project list for the coming year. He stated that two or three buildings would be painted during 2016 as well as the sanding and application of a penetrating stain of the log pillars at each unit. Welch and Hammond would like to have the front doors sanded and stained as well. Additionally, Welch will have the pool coping repaired. Hammond stated that the asphalt crack sealing should be done during the summer. Fretz explained that the board would do a spring walk around with Welch and Hammond, and that all owners were welcome to join. The group also discussed replacing some dead trees that would be covered under warranty.

Other Business

Reid asked about the rear patio areas. Hammond explained that they have been determined to be an owner expense. Welch stated that he has had success with the Restore product that is used in the pool area and would help owners facilitate the maintenance if requested.

Board Member Election

Everett explained that three board positions were open. Both Brown and Hammelman were up for reelection. Judy Nilon resigned from the board due to the impending sale of her unit. Fretz made a motion to reelect Brown and Hammelman. Alley seconded the motion. All were in favor, and Brown and Hammelman were reelected. Colin Dobrovolny expressed interest in joining the board. Fretz made a motion to elect Dobrovolny to the board. Reid seconded the motion. All were in favor and Dobrovolny was elected to the board.

The group thanked the board for their hard work during the last year.

Adjournment

Brad Fretz made a motion to adjourn at 10:30 am. Brown seconded the motion. All were in favor. None opposed. The motion carried.