



PO Box 160099 Big Sky, MT 59716

### **Annual Owners' Meeting**

February 17, 2017 9:00 AM

Big Sky Water & Sewer District Building

#### **Call to Order**

Presiding Officer Colin Dobrovolny made a motion to call the meeting to order at 9:00 am. A quorum was established with over 45% of the membership represented in person and by proxy.

Board members in attendance were Bob Shanks of unit 30, Colin Dobrovolny of unit 13, Kelly Brown of unit 22. Owners in attendance were Anne Reid of unit 34, Wanda Dobrovolny of unit 13, Jana Norton of unit 50, Lani Deibert of unit 3, Cynthia Garrity of unit 37 and Frank Alley of unit 36. Ken Jackson of unit 42 attended on the phone. Also in attendance were Accountant Rich Lindell and Michelle Everett of Lindell & Associates, P.C. and Mike Palmer, Ryan Welch and Katie Coleman of Hammond Property Management.

#### **Approval of the 2016 Annual Meeting Minutes**

***A motion was made and seconded to approve the Minutes of the 2016 Annual Meeting. All were in favor; none opposed. The minutes from the February 12, 2016 Annual Owners' Meeting were approved.***

#### **Financial Review**

Rich Lindell and Bob Shanks presented the Financial Report. Shanks walked through the major variances in the Budget to Actual. He focused on the reserve and operating budgets and stated that the budget was slightly overrun by approximately 3% over the past two years which resulted in the slight increase in dues for the 2017 budget. The largest variance was in the chimney inspection/cleans this year. Due to the intensity of labor required to remove the caps for this clean, this type of clean has only been done every five years. Another large variance was in the painting/staining category. The first two buildings were budgeted for but the BOD decided to proceed with staining the clubhouse, the dumpster building, front doors for all units and the entry walk posts for every unit front door. The last negative variance was in the landscape line item and primarily had to do with irrigation repairs.

The betterment area of the reserves had deductions in the road category for asphalt sealing and repair of stonework on several buildings. The budget end result was an overage in operating by 3 % and used approximately \$6,000 in reserve funds.

Lindell presented the balance sheet with a cash balance at year end, December 31<sup>st</sup>, of \$323,230. There was a \$50,000 increase with most of that set aside in the reserve funds at \$269,000. We have about \$54,000 in the checking account at year end. Overall, receivables look good and everyone was paying on time. The other highlight was the fund balances. There was \$2,009 in the operating fund and \$332,588

total for reserves. Total funds were \$334,005 which was in line with overall project reserve schedules to continue to grow those for future projects.

Fund balance for Jan 1 – Dec 31, 2016 was \$267,165 in assessments, essentially the operating budget, which is a \$0 based budget. We received \$611 in interest, \$1,554 in other income, \$274,501. So, the HOA ended the year with an operating deficit of approximately \$5,171 but began the year with a surplus brought down to start this year with \$2,009. The following activity occurred in the reserve account; added \$65,050 to the roof reserve for a balance of \$309,000; added \$2,000 to the road reserve but spent \$3,995 for a balance of \$11,400; and added \$5,785 to general betterment replacement reserve but spent \$1,840 for a balance of \$12,000.

Lindell reported that overall the association is well managed for future projects and is fiscally responsible.

### **2017 Budget and Projects**

Shanks addressed the increase in dues, which occurred for the first time in years, by walking through some of the increases in operating expenses and planned projects for the year. He stated that the budgeting categories were expanded to help understand where our expenses are going in the budget increase and that after analysis, we did not need to increase reserves at this time. There have been increases to accounting, management fees, and a slight increase in insurance premiums. The major spending categories for projects were; painting/staining which will include 2, 5-plex buildings and garage door staining, front door post cap repair, gutter repairs, fire suppression inspection/repairs, and landscaping. Improvements included two more utility enclosures, snow removal (new contractor) and broken pool tiles. Shanks explained that the HOA has maintained the \$340,000 operating budget for some time. We looked at beefing up the reserves but in the end, we did not have to increase the budget for reserves this year.

Shanks also reported that the largest insurance claim to date has been made at unit 3. It took six weeks to get through the process which resulted in settling with the insurance company on a \$54,000 settlement and with a \$10,000 deductible putting a hole in the budget. Repair drywall, painting, carpet, wooden floors and the personal contents were the responsibility of the unit owner.

Colin stated that unit owners have the responsibility for having insurance on the interior of their unit and they are required under the bylaws to list SPC as coinsured. This is reflected in the minutes in order to remind unit owners of their responsibility.

Coleman will prepare template to send to all owners.

***A motion to approve the financial reports and the 2017 budget was made and seconded. The motion was unopposed and carried unanimously.***

### **Property Manager's Report**

Ryan Welch presented the PM's report. He noted that he was able to turn the heat tape off the first week of March and will do the same this year if possible. The entry post project was conducted; annual chimney cleans/inspections were conducted with chimney cap removal this year; boards were installed as needed to deter swallows from nesting in the eaves of the buildings; staining of clubhouse, dumpster enclosure building, front doors and units 1-7 and railings on the bridge across from the clubhouse were all conducted; crack sealing was conducted around the entry stoops which has worked well; all parking areas were restriped. Welch reported that there were too many fish in the pond and encouraged folks to take them when fishing. Stoneworks was contracted to repair loose stone on buildings and chimneystack of unit 5. Due to employment/hiring issues, HPM struggled keeping a suitable landscaping crew and

acquired a bid for landscaping for next year to determine which way the board wants to go. Boiler inspections were conducted in the fall. This is an elected service that is the responsibility of the homeowners however HPM offers to schedule this service. There have been a number of heat tape failures this winter. The age of the system is causing failures. Expect more failures in the future.

Colin noted that Northwestern Energy offers a free energy audit and suggested a group get together so that more than one can be conducted in a visit to the complex. A letter/email will be created to send to the unit owners.

***A motion was made to approve the manager's report. All were in favor. Carried unanimously.***

### **2016 Project List**

Shanks noted that he addressed the projects in the budget and doesn't have much to report.

Frank Alley suggested pruning and landscape restoration near unit 7.

### **Other Business**

Snow Removal- Shanks mentioned that this year we had a new contractor. This year we tried to store snow near unit 2 and the owner was not happy about it. We will try to find alternatives to this but there is a lack of snow storage available. The two houses to the west of the complex were not happy with the storage near them either. There is an agreement with Boyne to store snow on their land which caused the issues with the neighbors to the west.

No other business was discussed.

### **Board Member Election**

Two board positions were up for election due to the sale of Fretz' unit and Hammelman's resignation due to the pending sale of his unit. The membership and BOD recognize their hard work and time over many years to the SPC HOA. Jana Norton and Frank Alley have expressed interest in serving on the BOD. There were no other nominations.

***A motion to elect Jana and Frank as board members was made and seconded. All were in favor and Norton and Alley were elected to the board.***

### **Adjournment**

*A motion was made to adjourn at 10:09 am. The motion was seconded, all were in favor. None opposed. The motion carried.*