

**Minutes of the Annual Owners Meeting
For the Association of Unit Owners of
Firelight Meadows
October 25, 2011**

Call to Order

Chair of the board Jack Eakman calls the meeting to order at 5:32 pm.

Directors in attendance are Chair Jack Eakman of unit V96/441, Sam Geppert of unit C1/120, Garrett Baldensperger of unit V95/433, Amy Free D17/50 (via conference call), Scott O'Connor of unit V60/251 (via conference call), and Twila Moon of unit V103/495 (via conference call).

Unit Owners in attendance are Ruby Delzer of unit V58/269, Delilah Eakman of unit V96/441, Michelle Geppert of unit C1/120, Kari & Jason Gras of units A1/85, B1/155 and V19/184, Carolyn Green of unit C6/120, Mark Lee representing unit V83/337, Nathan Johnson of unit A3/85, Daniel Lakatos of unit V67/107, William & Dorothy Mitchel of unit V122/122, Chris Moon of unit V103/495, Donna McCarthy of unit D19/50, Ty Molene representing unit V14/140, Andrea Posdon of unit B20/155, Scott Kinne & Annette Stone of unit B12/155.

Also in attendance are guests Attorney Jennifer Farve, Accountant Doug Shanley, Dick Hovde of Hovde Property Maintenance, Scott Hammond, Angie Guinn, Mike Harter and Scott Foley all of Hammond Property Management, Fire Chief of Big Sky Bill Farhat, and Communications Coordinator Bethany Davies.

(All Directors will be identified by their last names from hereafter in the minutes.)

Big Sky Fire Chief

The fire chief of Big Sky, Bill Farhat, addresses the owners of firelight to explain what the fire department does in the community. Firelight Meadows is in the district covered by the fire department. Firefighting is a team oriented sport and requires lots of people both when fighting fires and when on medical calls. They are looking for a variety of volunteers and request that anyone interested contact the fire department to see where they might fit in.

Eakman thanks Bill Farhat, feeling honored that Firelight Meadows is the first association that Bill has addressed and expressing his appreciation that he wants to speak with all the HOAs.

Changes to the Agenda

Legal Report/Construction Defects Issue/Vote will be discussed prior to the Financial Report.

Quorum

Accountant Shanley confirms that there is a quorum. Eakman announces that all business can be discussed this evening.

Minutes of the Last Meeting

Kari Gras moves to approve the minutes of last year's annual meeting. Andrea Posden seconds the motion. All are in favor. None oppose. The motion carries.

Legal Report/Construction Defects Issue/Vote

Attorney Farve explains the legal issues and background information. Two matters that she is dealing with involve HLH, LLC also known as Westfork Utilities.

The first issue is in regards to the enforceability of the cable television contract that HLH, LLC has that was set up initially by the developer as well as the enforceability of the obligation for FLM, HOA to pay the past due bills of its unit owners. As it was originally drafted there was a provision in the declaration that every unit owner would hook up and use the services provided by the developer, who at that time was Firelight Meadows, LLC and the principle behind that is Paul Pariser. He had created an infrastructure for cable television services as well as water and sewer services at Firelight Meadows. In the declaration it obligated each unit to hook up and use those services it obligates the association to pay the past due bills of unit owners after 90 days. When the unit owners took over the board, a twelfth amendment was enacted that took away the obligation for unit owners to hook up to and use the cable television.

Shortly after the twelfth amendment was added, HLH, LLC brought a lawsuit against the association on the basis the declaration obligates the association to pay the past due bills of the unit owners for cable, water, and sewer and that the amendment that was enacted was invalid. FLM, HOA issued a counter claim that explained that we not only disagree with their complaint but think that it is in violation of Montana Law as an unfair trade practice. Farve asked the court to declare those provisions unenforceable. Essentially, FLM, HOA is asking that they nullify the cable television contract, uphold the twelfth amendment of the declarations and to declare any provisions of the declaration that requires the association to pay the past due bills by the owners as unenforceable. Currently both sides have moved for summary judgment, asking that the courts just make a ruling since there are no issues of facts that would need to be decided by a judge or a jury. The briefing will be complete on Friday and FLM, HOA will have an oral argument on December 5th. The court's decision will likely not be until 2012.

The other matter Attorney Farve is representing the association on is with regard to the Public Service Commission (PSC). Again it is with HLH, LLC and it has to do with the water and sewer rates. HLH, LLC asked for a rate increase because the sand filters needed to be replaced. The association intervened because they feel that the sand filters were failing when HLH, LLC purchased them. The fair market value of the failed sand filters are being factored into the rate calculations. They are taking the full fair market value of the sand filters and adding the replacement costs on top and then they are asking for reimbursement for all of it. The argument that Farve is making is that if the grade application is approved it needs to factor the failed sand filters back out. They have had an engineer provide an opinion based on his assessment that there were enough red flags at the time that the sand filters were purchased that a reasonable person would have noticed something wrong.

The PSC has a formula for deciding rate increases that is very difficult to follow. They set their rates based on what the utility says it needs for money. Meaning they can have 70% debt and charge a rate to pay that debt. Utilities are generally entitled to make a profit. There are a lot of layers of compensation to the utility that are built into the system that are a part of the rules for setting a rate increase. The PSC is made up of regular people and you can appeal to their reasonable side. Prior to the court case the PSC was persuaded by the association and they made the decision that would have taken away the interim rate increases that the utility was claiming; however, more time had expired than was statutorily allowed and so FLM, HOA is still at the interim rates. There will be a pre-hearing memorandum, which will set forth all the contested issues, who the intended witnesses will be, what exhibits will be, and then FLM, HOA will visit with the staff at the PSC to select a hearing date. A hearing date might be sometime in December or it may not be until 2012. It will be similar to a trial, except it will be administrative. The PSC may have a decision within the next six months.

The third issue is with regard to the idea that there were some defects in the construction, installation and maintenance when the units were originally constructed. FLM, HOA filed a complaint to hold the statute of limitations from running any further. The Construction Defects claim has been filed to cast out a claim amongst a variety of defendants including developer Paul Pariser, the engineering firms and architects and anybody that might have had some responsibility or involvement with the construction, installation

and materials involved in building Firelight Meadows. It alleges theories of negligent construction and a breach of warranties, a variety of theories that are aimed to bring the issues of the defective construction before the court. The complaint has not been served, only filed FLM, HOA has three years to actually serve it. Until it is served, none of the defendants have any duty to respond to the complaint.

Farve has not looked into the risks involved with serving the Construction Defects claim and she does not intend to persuade the owners, but she warns that they are notoriously very expensive and they will require a lot of expert evaluation and opinion. It could be a costly affair, at the same time the damages are relatively significant so it could be worth pursuing.

Eakman explains the costs already incurred due to construction defects. He reminds the owners that these problems have only been found with the Chalets. The association has spent around \$315,000 on Chalet construction defects. Money that was set aside in reserves was used to pay for this. An insurance claim paid \$134,000 for a microburst that occurred during construction. This leaves \$181,000 that needs to be paid for by Chalet owners; which is \$1,330 per unit. Most Chalet owners have paid \$200 in two separate special assessments of \$100 each; this means they only owe \$1,130. If the owners want litigation they need to include attorney fees into the budget. Eakman asks Attorney Farve how much this case might cost the Chalet owners. Attorney Farve replies, based on a previous Construction Defects claim, it will likely cost at least \$70,000, but more like \$100,000. If successful, the association could get some money back in attorney fees. Farve further explains the details involved with this type of claim, insisting that she wants to make sure it is clear that this could be very expensive and difficult to prove.

Eakman asks the owners what they would like to do. The association can either continue to serve the Construction Defects claim with the hope of getting money to recover the \$181,000 from the defendants or they can move on and allow the board to come up with a way to recover the costs. Dan Lakatos asks if all the defects have been identified. Eakman explains that the repairs are complete with the exception of old chimney caps that will need to be replaced within the next five years; however, over time that could be paid for with maintenance fees. Baldensperger adds the high nailing of siding that was discovered during a walk-thru with Hardi-Plank and Cornerstone has yet not been addressed; but the expense involved in re-nailing these boards is not significant.

Mark Lee asks what the success ratio of this type of case is. Attorney Farve is not able to give him a success ratio. Mark Lee explains he has properties with other associations that had three other Construction Defects claims served and not one of them was successful. They were extremely difficult to prove; half the time when collecting, several of the entities were bankrupt. "Are there punitive damages that are allowable?" asks Dan Lakatos. Farve replies, this is a breach of contract theory so the association is not likely to get punitive damages; you are looking at where your actual damages are and whatever you can prove. Chris Moon is concerned that Paul Pariser and his associates have well insulated themselves, so he is weary of pursuing the litigation aspect because he fears a limited pay off that will be less than what will be invested as it goes on over a long period of time. Eakman asks for a show of hands for people who agree with Chris Moon; eight hands are raised. Eakman then asks for a show of hands for people who think the association should serve a Construction Defects claim; no hands are raised. "Based on no one raising their hand to litigate, I will make a motion that we eat the \$1330 per Chalet, as painful as it is, and move on for the health of our association," Chris Moon announces. Kari Gras seconds the motion. Annette Stone explains that even though she has a condo, she thinks it is the right thing to do because by letting it go it will heal itself over time, but if the case carries on the rumors will continue to spread and the rumors could get worse. All are in favor of Chris Moon's motion and Kari Gras second. None oppose. The motion carries, the association will not seek litigation against the developer Paul Pariser and his associates in a Construction Defects claim.

Financial Report

Accountant Doug Shanley provides the Financial Report (see attachments). There are 27 new members for 2011. The Condos are \$6,327.41 under budget. The Chalet's are \$143,603.94 over budget; however, it would only be over budget by \$5,393.86 without the chimney and siding repairs.

Proposed Budgets for 2012/Adoption

Accountant Shanley explains what was involved when creating the proposed 2012 Budget. The proposal for the Condos last year was \$2,809 per unit. The proposed rate this year is \$3,136 per unit. The biggest line item that is increasing is the rate paid to the Property Manager. In 2011 the amount paid to the Property Manager was \$132 per unit; in 2012 this amount is being raised to \$474 per unit. The reason is because at the last board meeting Alpine Property Management decided to resign from working for Firelight Meadows. Eakman found a new Property Manager, Hammond Property Management.

Eakman explains that Alpine Property Management resigned because they were being threatened by one of the owners of FLM and could not take it any longer. In Big Sky there are two property management companies that can handle a campus as large as Firelight Meadows: Alpine Property Management and Hammond Property Management. Scott Hammond met with Eakman to discuss a contract and explained that they will need to negotiate a new contract because they need to spend more time at FLM than what Alpine was providing. Eakman explains: "I don't apologize for that amount of money. When you know what other condominium associations in Big Sky pay, I shouldn't say this, but it's still a bargain. It is still a bargain what we are getting. And so, we went from \$42,000 to \$98,000 and you can thank that owner every time you see him."

Shanley continues, the association is proposing is \$784 per quarter for Condo owners. Michelle Geppert motions to approve the Condo budget for 2012. Donna McCarthy seconds the motion. All except one approve. Andrea Posdon opposes the proposed budget. Accountant Shanley adds there is still a \$24 per quarter savings if you have your invoices and communications sent through email. Condo owners that receive correspondence through email only have to pay \$760 per quarter.

Shanley explains the Proposed 2012 Chalet Budget. In 2011 the budget was \$2,611, they have proposed to raise it to \$2,980; again citing the change with property management companies. The budget proposal was completed in August, and the increase was only a 1.1%; however, when APM resigned in September the board had to adjust the budget to reflect the new property manager's terms and the budget was increased about 14%.

Dan Lakatos asks Scott Hammond what the likelihood of renegotiating a contract might be. Scott Hammond explains, "We'd be open to any discussion, it depends how much we get accosted by owners I guess." They will renegotiate their contract with the board annually. "I think Alpine has done a great job over there, I think the place looks really good. But I think that there is room for improvement and that it needs new blood, new energy and we can bring a lot of that to the table. We have a lot of staff. You can see there are four of us here. We actually increased our staff specifically for this complex." The contract includes hours that will be much more flexible than just three hours each day. Scott Hammond explains the contract held between FLM and APM "was the least expensive management contract that I am aware of amongst probably 50 associations in Big Sky." Chris Moon asks Scott Hammond if they can create a list of 5-10 top items that homeowners can do to help reduce the cost of property management and to submit it to all unit owners. Hammond agrees.

Eakman adds, "Alpine was doing us a tremendous favor and they honored us, but at the same time they knew that they weren't giving us full service. They knew that and those of us on the board and those of us who have seen things, know that they weren't giving us full service. No fault of theirs, they just couldn't afford any more on that type of a commitment."

Accountant Shanley continues, the Chalet proposed budget is \$745 per quarter. When signed up for the \$24 email correspondence savings, the total is \$721 per quarter. O'Connor motions to approve the Chalet budget for 2012. Baldensperger seconds the motion. All are in favor. None oppose.

Hammond Property Manager's Report

Eakman introduces and welcomes Hammond Property Management to Firelight. Scott Hammond introduces his associates and provides his report (see attachments). Mike Harder, Angie Guinn and Scott Foley all speak about their positions with Hammond Property Management.

Landscaping and Snow Making Report

Dick Hovde provides a landscaping and Snow Making Report (see attachment). Baldensperger says the grass looks better this year than last year. They plan to extend the irrigation to peripheral areas and replace some trees. They will plant tall ornamental grasses and trees around the bus stop, entrance ways and near the fire hydrants. Grasses will be planted in the rock areas. The association will pay the labor costs for up to 20 trees to be planted and the owner will need only to purchase the trees. One unit owner has already purchased 12 trees. This leaves eight trees available to be purchased with the association paying for the labor costs.

Utilities Portfolio Report

Garrett Baldensperger provides the Utilities Report. Two years ago Westfork Utilities issued a rate increase and it was at that time that it was discovered the association was being charged for rent. It was the second highest rent fee in the state. The association is charged with paying \$36,000 per year in rent for a building that HLH, LLC already owns and Firelight Meadows already pays for the amortization of that building. "So not only are we paying for the amortization of the building, we are renting it back to ourselves and paying that \$36,000 per year and that is a direct expense," Baldensperger clarifies.

Bling Wireless is the designated provider to Dish Network and Direct TV. Anybody who wants cable can contact Bling Wireless. HLH, LLC tried to make it a requirement that all units go through them for cable service. It is combined with their water and sewer bill and is charged to the owner regardless of whether or not they actually use the service. However, it is the opinion of the board under the advisement of their attorney that this is unlawful in the state of Montana. Baldensperger just wants it to be understood that there is a satellite dish option available to unit owners. Mike Lee asks Attorney Farve what the legal repercussions will be if a unit owner chooses not to use the cable television service provided by HLH, LLC. Attorney Farve was told by HLH, LLC's attorney that they will not take action against owners individually if they choose to stop the service. "I think the risk of having a claim brought against you for nonpayment of your cable TV bill is pretty slim." She recommends owners write a letter to HLH, LLC letting them know that they wish to no longer receive cable service from them and to document everything. Baldensperger emphasizes the necessity of staying current on the water and sewer bill and to make sure that HLH, LLC separates the cable payments from the water and sewer payments. Chris Moon recommends writing the invoice number and that the payment is specifically for water and sewer on the memo line of the checks written to HLH, LLC.

Image Study/Strategic Planning

Scott O'Connor explains the Image Study/Strategic Planning Report. His goal is to increase property value and to dispel rumors that have been floating around Big Sky about Firelight Meadows. They surveyed owners and area realtors. The top areas of concern were:

1. Belief that lawsuits and foreclosures are bankrupting the association.
2. Rumor that a failing septic system is polluting the drinking water.
3. The idea that Firelight Meadows is becoming the low income housing for Big Sky, this is mainly due to rowdy renters.
4. Poor construction.

A lot of people don't realize that the association is addressing these concerns. The first line of defense is to educate the realtors. He suggests anyone who is selling their unit to ask their realtor what they know about Firelight Meadows, because many realtors in the area are unfamiliar with the truth behind this complex. Two of the best realtors for Firelight Meadows are Shawna Winter and Karen Davids. He recommends these realtors to anyone interested in selling their home. They were exceptionally helpful and extremely knowledgeable about the Firelight Meadows community. Last year the lawsuits cost less than \$9 per month per person, so it is a misconception that the lawsuits are bankrupting the association. They will continue with the transparency with homeowners and educating homeowners as best as is possible.

Other aspects of the survey identified what homeowners think the association needs improvement on. Here is the list of concern:

1. Landscaping – allocating funds to hire a landscape architect to supply long range landscape plans including tree and shrub planting and rock and waterfall features in the future.
2. Landscape improvements to main entrance with plantings and rock columns.
3. Utilize green space.
4. Review current irrigation systems for upgrading.
5. Walking trails within the community.
6. Exterior building enhancements – get rid of the red doors garage doors, improve them with rock features and log features.
7. Utilities – continue putting pressure by the board on the PSC regarding rate increases and continue to pursue all legal options against Westfork Utilities.
8. Property Management – full time property management is necessary.
9. Community Meeting Place – allocate funds for a community meeting place, possibly with a pool and a hot tub, space for an HOA office, and storage of important documents.
10. Miscellaneous items to consider – solutions for problem renters, restrict renters to one month, holding landlords and problem renters more responsible through fines and restrictions. Trash service for the Chalets. Eliminate and relax rules.

O'Connor calls out to homeowners. If anyone is a Landscape Architect, and Architect, or has drafting experience, the board could use your expertise in designing the future if Firelight Meadows.

Chair Person's Report

Jack Eakman provides the Presidents Report. He begins by explaining how busy the board has been working this year. He introduces Amy Free, Garrett Baldensperger, Sam Geppart, Scott O'Connor, and Twila Moon and thanks them for all their hard work. He cites the main areas of concern for the year:

- Finances – the number 1 concern of the board has been Foreclosures and non-payment of assessments.
- Chalet Siding, roofing and chimney repairs.
- Sam Geppart negotiated a new and improved Propane Contract for Condos.
- Constantly overview policy making and revision.
- All nine chalets with significant water in crawl spaces have sump pumps now installed.
- Receivables have been addressed with turning over bad debts to a collection agency.
- We trashed exterior building materials that the developer/Declarant talked the Board of Directors that he controlled into purchasing at a cost of \$28k. That money is now lost as the materials had absolutely no value.
- Some owners have elected to cancel their cable TV and install satellite service or go without.
- Prospective owners, mortgage holders and realtors have had questions regarding property acquisition. It is the board's intent to be completely transparent on these issues. The facts are available to everyone interested.

Election of Officers

There are seven members on the board that represent 136 Chalets and 80 Condos. One position has been open for most of the year (previously held by Sam Reznicek). There are four open board positions: Twila Moon's position is up for re-election, she *is not* running for re-election. Garrett Baldensperger's position is up for re-election, he *is* running for re-election. Scott O'Connor's position is up for re-election and he is running for re-election. There are four positions, three positions are for three year terms and one position is for only a one year term.

Chris Moon nominates Kari Gras. Jason Gras seconds the nomination. Kari Gras accepts the nomination. Delilah nominates Dan Lakatos. Dan Lakatos declines. Kari Gras nominates Chris Moon. Chris Moon declines. Ty Moline nominates Pride Fisher. Chris Moon seconds the nomination. Pride Fisher is not present to accept or decline the position. Donna McCarthy moves that nominations be closed. Caroline Green seconds the motion. Donna McCarthy motions that Pride Fisher be elected to the one year term since she is not present to accept the position. Chris Moon seconds the motion. All are in favor of the nominees and that Pride Fisher is nominated to a one year term. None are opposed.

Old Business

There is no old business.

New Business

Kari Gras asks the board to consider what can be done to curb anger among unit owners. Since Kari Gras is speaking of one unit owner in particular, Eakman encourages calling the sheriff's office immediately and having a restraining order placed on the individual.

Scott O'Connor moves to approve the board's actions for the year. Donna McCarthy seconds the motion.

Carolyn Green thanks the entire board for all the time and work that it does.

Accountant Doug Shanley provides an outsider's prospective explaining how the owners owe Jack Eakman a debt of gratitude for all the work that he has put into this association for the past three years.

Adjournment

The meeting adjourns at 7:34 pm.

Minutes submitted by Bethany Davies, Communications Coordinator.

Douglas N. Shanley, CPA PC

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10/25/2011

TO: BOARD OF DIRECTORS

FIRELIGHT MEADOWS HOME OWNERS ASSOCIATION

CHECKING ACCOUNT BALANCE	\$136,556
CD AT BIG SKY WESTERN BANK	\$129,875
ACCOUNTS RECEIVABLE	\$90,330

THE FOLLOWING ACCOUNTS ARE OWNED BY BANKS
WE WILL GET THIS MONEY AS SOON AS THE UNIT SELLS

V125	BAC HOME LOANS	\$7,377.03
V106	FHLMC	\$100.00
	TOTAL OF ABOVE UNITS	\$7,477.03

THE FOLLOWING ARE LATE TWO OR MORE QUARTERS
THESE ARE GOING TO BE TURNED OVER TO COLLECTIONS
AT THE END OF THIS MONTH IF PAYMENT IS NOT RECEIVED

V24	MARTA BLUTH	\$1,723.89
V24	JOHN FREIS	\$1,823.89
V1	JOHN FREIS	\$1,723.89
C13	DOUG HARPER	\$2,241.70
C20	KEN HOEKSEMA	\$1,539.66
V108	STUART KOCH	\$2,050.31
V136	PETER KULAK	\$1,554.30
V7	PATRICK MCCLELLAN	\$1,554.30
V81	JEFF MORGAN	\$1,554.30
V119	SUSAN O'CONNOR	\$2,186.15
V37	WALKER/SMITH	\$1,554.30
	TOTAL OF ABOVE UNITS	\$19,506.69

BAD DEBT PREVIOUSLY WRITTEN OFF COLLECTED IN 2011 BY CBO, OUR COLLECTION AGENCY	\$9,529.72
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PARKING INCOME TOTAL THIS YEAR	\$1,720.00
FINES RECEIVED THIS YEAR IN TOTAL	\$1,100.00

NEW MEMBERSHIP DUES FOR 2011	\$13,500.00
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BAD DEBT WRITTEN OFF IN 2011	\$34,435.67
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CONDOS
Firelight Meadows Owners Association
Condo's Budget Overview

	CONDO 2011 BUDGET	BUDGET THROUGH OCTOBER	ACTUAL THROUGH OCTOBER	OVER (UNDER) BUDGET
Ordinary Income/Expense				
Income				
Assessment	224,720.00	224,720.00	224,720.00	0.00
Bad Debt Previously Written off Collected			3,526.00	3,526.00
Finance Charges & Late Fees			4,733.29	4,733.29
Interest Income - Certificate of Deposit			839.40	839.40
Fines			407.00	407.00
Parking Income			636.40	636.40
Membership Dues			4,500.00	4,500.00
Postage Savings (\$24 per quarter)			(6,072.00)	(6,072.00)
Total Income	224,720.00	224,720.00	233,290.09	8,570.09
Expenses				
Insurance	10,080.00	8,400.00	8,607.23	207.23
Common Area Utilities	400.00	333.33		(333.33)
Building Utilities	27,200.00	22,666.67	17,848.48	(4,818.19)
Common Area Lawn Care	8,000.00	8,000.00	8,639.48	639.48
Landscape Upgrade - new plants flowers trees	2,800.00	2,800.00		(2,800.00)
Trash Removal	30,800.00	25,666.67	25,148.03	(518.64)
Fireplace Maintenance	1,040.00	866.67		(866.67)
Snow Removal & Shoveling Roads & Entry Ways	23,520.00	15,680.00	15,666.64	(13.36)
Snow and Ice Removal on Rooftops	4,000.00	2,666.67	2,775.00	108.33
Cleaning and Common Area	10,400.00	8,666.67	7,825.00	(841.67)
Administrative and Secretary	1,920.00	1,600.00	1,603.93	3.93
Maintenance & Repair	44,720.00	37,266.67	30,026.86	(7,239.81)
Management - Basic	10,560.00	8,800.00	7,875.00	(925.00)
Accounting	5,520.00	4,600.00	4,558.77	(41.23)
Legal	10,400.00	8,666.67	18,813.51	10,146.84
Postage & Delivery	7,680.00	6,400.00	294.80	(6,105.20)
Office Expense	960.00	800.00	471.58	(328.42)
Taxes	160.00	133.33	5.55	(127.78)
Storage Shed	NOT BUDGETED	0.00	69.42	69.42
Bad Debt Uncollectible	8,000.00	6,666.67	12,741.20	6,074.53
Meeting Expense	400.00	333.33	43.97	(289.36)
PSC - Expert Testimony	NOT BUDGETED	0.00	1,671.47	1,671.47
Subtotal Expense	208,560.00	171,013.33	164,685.92	(6,327.41)

CHALETs
 Firelight Meadows Owners Association
 Chalet's Budget Overview

	CHALET 2011 BUDGET	BUDGET THROUGH OCTOBER	ACTUAL THROUGH OCTOBER	OVER (UNDER) BUDGET
Ordinary Income/Expense				
Income				
Assessment	355,096.00	355,096.00	355,096.00	0.00
Bad Debt Previously Written off Collected			6,003.72	6,003.72
Finance Charges & Late Fees			8,059.38	8,059.38
Fines			693.00	693.00
Interest Income - Certificate of Deposit			1,429.24	1,429.24
Parking Income			1,083.60	1,083.60
Special Assessment			27,200.00	27,200.00
Membership Dues			9,000.00	9,000.00
Postage Savings (\$24 per quarter)			(10,368.00)	(10,368.00)
Total Income	355,096.00	355,096.00	398,196.94	43,100.94
Expenses				
Insurance	33,048.00	27,540.00	28,019.35	479.35
Common Area Utilities	680.00	566.67		(566.67)
Common Area Lawn Care	31,960.00	31,960.00	33,977.52	2,017.52
Landscape Upgrade - new plants flowers trees	4,760.00	4,760.00		(4,760.00)
Snow Removal & Shoveling Roads & Entry Ways	70,584.00	47,056.00	47,000.00	(56.00)
Snow and Ice Removal on Rooftops	6,800.00	4,533.33	4,725.00	191.67
Fireplace Maintenance	5,712.00	4,760.00		(4,760.00)
Administrative and Secretary	3,264.00	2,720.00	2,731.06	11.06
Maintenance & Repair	61,608.00	51,340.00	47,921.31	(3,418.69)
Management - Basic	31,552.00	26,293.33	23,625.00	(2,668.33)
Accounting	9,384.00	7,820.00	7,762.23	(57.77)
Legal	17,680.00	14,733.33	32,033.83	17,300.50
Postage & Delivery	13,056.00	10,880.00	501.92	(10,378.08)
Office Expense	1,632.00	1,360.00	802.96	(557.04)
Taxes	272.00	226.67	9.45	(217.22)
Storage Shed	NOT BUDGETED	0.00	118.19	118.19
Bad Debt Uncollectible	13,600.00	11,333.33	21,694.47	10,361.14
Meeting Expense	680.00	566.67	74.87	(491.80)
Chimney and Siding Repairs	NOT BUDGETED	0.00	138,210.08	138,210.08
PSC - Expert Testimony	NOT BUDGETED	0.00	2,846.03	2,846.03
Subtotal Expense	306,272.00	248,449.33	392,053.27	143,603.94

WITHOUT THE CHIMNEY AND SIDING REPAIRS WE WOULD BE OVER BUDGET 5,393.86

CONDOS
Fireflight Meadows Owners Association
Condo's Budget Overview

Ordinary Income/Expense	Proposed 2012 Budget		2011 Budget		= Yearly	Actual	
			Per Unit x 80			2011	2011
Income							
Assessment	\$3136 x 80	250,880.00	\$2809 x 80	224,720.00	165,540.00	222,800.00	
Total Income		250,880.00		224,720.00	165,540.00	222,800.00	
Expenses							
Insurance	\$137 x 80	10,940.00	\$126 x 80	10,080.00	6,831.43	10,247.15	
Common Area Utilities			\$5 x 80	400.00		0.00	
Building Utilities	\$357 x 80	28,560.00	\$340 x 80	27,200.00	15,237.22	27,000.00	
Common Area Lawn Care	\$115 x 80	9,200.00	\$100 x 80	8,000.00	5,888.36	8,000.00	
Landscape Upgrade - new plants flowers trees	\$20 x 80	1,600.00	\$35 x 80	2,800.00		0.00	
Trash Removal	\$404 x 80	32,320.00	\$385 x 80	30,800.00	19,666.03	30,800.00	
Fireplace Maintenance	\$13 x 80	1,040.00	\$13 x 80	1,040.00		980.00	
Snow Removal & Shoveling Roads & Entry Ways	\$294 x 80	23,520.00	\$294 x 80	23,520.00	15,666.64	23,499.96	
Snow and Ice Removal on Rooftops	\$46 x 80	3,700.00	\$50 x 80	4,000.00	2,775.00	3,680.00	
Cleaning and Common Area	\$165 x 80	13,200.00	\$130 x 80	10,400.00	7,000.00	10,500.00	
Administrative and Secretary	\$26 x 80	2,080.00	\$24 x 80	1,920.00	1,226.53	1,839.80	
Maintenance & Repair	\$368 x 80	29,440.00	\$559 x 80	44,720.00	12,254.82	18,382.23	
Property Manager	\$474 x 80	37,920.00	\$132 x 80	10,560.00	7,000.00	10,500.00	
Accounting	\$69 x 80	5,520.00	\$69 x 80	5,520.00	3,643.76	5,465.64	
Legal	\$231 x 80	18,480.00	\$130 x 80	10,400.00	13,037.88	19,556.82	
Postage & Delivery	\$96 x 80	7,680.00	\$96 x 80	7,680.00	214.66	321.99	
Office Expense	\$12 x 80	960.00	\$12 x 80	960.00	365.02	547.53	
Taxes	\$2 x 80	160.00	\$2 x 80	160.00		158.00	
Storage Shed					69.42	69.42	
Bad Debt Uncollectible	\$100 x 80	8,000.00	\$100 x 80	8,000.00	9,554.98	14,332.47	
Meeting Expense	\$5 x 80	400.00	\$5 x 80	400.00	25.47	380.00	
PCS - Expert Testimony					1,586.37	1,586.37	
						0.00	
						0.00	
Subtotal Expense		234,720.00		208,560.00	122,043.59	187,847.37	
Subtotal Monthly per Unit		244.50		217.25			
Siding Reserve Account 35%	\$28 x 80	2,240.00	\$28 x 80	2,240.00			
Road Replacement Reserve Account 25%	\$70 x 80	5,600.00	\$70 x 80	5,600.00			
Road Maintenance Reserve Account 25%	\$29 x 80	2,320.00	\$29 x 80	2,320.00			
Insurance Deductible Reserve	\$25 x 80	2,000.00	\$25 x 80	2,000.00			
Roofing Reserve Account 40%	\$50 x 80	4,000.00	\$50 x 80	4,000.00			
Subtotal Reserves		16,160.00		16,160.00			
Subtotal Monthly Reserves per Unit		16.83		16.83			
Total Expenses & Reserves		250,880.00		224,720.00			
Total Monthly Per Unit		261.33		234.08			

through 8/31

Per Qtr \$ 784.00 Per Year \$ 3,136.00

Estimates are driven from limited past experience from utilities, insurance and other vendors.

CHALETs
Firelight Meadows Owners Association
Chalet's Budget Overview

Ordinary Income/Expense	Proposed 2012 Budget	2011 Budget		Yearly	Actual	2011	2011
		Per Unit x 136	=				
Income							
Assesment	\$2980 x 136	405,280.00	\$2611 x 136	355,096.00	272,346.00	366,792.00	366,792.00
Special Assessment					27,200.00	40,800.00	40,800.00
Total Income		405,280.00		355,096.00	272,346.00	366,792.00	366,792.00
Expenses							
Insurance	\$263 x 136	35,870.00	\$243 x 136	33,048.00	22,238.53	33,357.80	33,357.80
Common Area Utilities			\$5 x 136	680.00		0.00	0.00
Common Area Lawn Care	\$270 x 136	36,822.00	\$235 x 136	31,960.00	22,971.04	32,000.00	32,000.00
Landscape Upgrade - new plants flowers trees	\$47 x 136	6,494.00	\$35 x 136	4,760.00		0.00	0.00
Snow Removal & Shoveling Roads & Entry Ways	\$519 x 136	70,584.00	\$519 x 136	70,584.00	47,000.00	70,500.00	70,500.00
Snow and Ice Removal on Rooftops	\$46 x 136	6,290.00	\$50 x 136	6,800.00	4,725.00	6,200.00	6,200.00
Fireplace Maintenance	\$42 x 136	5,712.00	\$42 x 136	5,712.00		5,700.00	5,700.00
Administrative and Secretary	\$26 x 136	3,536.00	\$24 x 136	3,264.00	2,088.46	3,132.69	3,132.69
Maintenance & Repair	\$295 x 136	53,720.00	\$453 x 136	61,608.00	22,937.62	34,406.43	34,406.43
Property Manager	\$474 x 136	64,464.00	\$232 x 136	31,552.00	21,000.00	31,500.00	31,500.00
Accounting	\$69 x 136	9,384.00	\$69 x 136	9,384.00	6,204.24	9,306.36	9,306.36
Legal	\$231 x 136	31,416.00	\$130 x 136	17,680.00	22,199.65	33,299.48	33,299.48
Postage & Delivery	\$96 x 136	13,056.00	\$96 x 136	13,056.00	365.49	548.24	548.24
Office Expense	\$12 x 136	1,632.00	\$12 x 136	1,632.00	621.51	932.27	932.27
Taxes	\$2 x 136	272.00	\$2 x 136	272.00		270.00	270.00
Storage Shed					118.19	118.19	118.19
Bad Debt Uncollectible	\$100 x 136	13,600.00	\$100 x 136	13,600.00	16,269.30	24,403.95	24,403.95
Meeting Expense	\$5 x 136	680.00	\$5 x 136	680.00	43.37	550.00	550.00
Chimney & Siding Repairs					138,212.08	149,600.00	149,600.00
PCS - Expert Testimony					2,701.13	2,701.13	2,701.13
Subtotal Expense		353,532.00		306,272.00	329,695.61	438,526.52	438,526.52
Subtotal Monthly per Unit		216.63		187.67			

through 8/31

Siding Reserve Account 65%	\$30 x 136	4,080.00	\$30 x 136	4,080.00		
Road Replacement Reserve Account 75%	\$120 x 136	16,320.00	\$120 x 136	16,320.00		
Road Maintenance Reserve Account 75%	\$50 x 136	6,800.00	\$50 x 136	6,800.00		
Insurance Deductible Reserve	\$25 x 136	3,400.00	\$25 x 136	3,400.00		
General Repairs Reserve			\$89 x 136	12,104.00		
Chimney Caps	\$110 x 136	15,028.00				
Roofing Reserve Account 60%	\$45 x 136	6,120.00	\$45 x 136	6,120.00		
Subtotal Reserves		51,748.00		48,824.00		
Subtotal Monthly Reserves per Unit		31.71		29.92		
Total Expenses & Reserves		405,280.00		355,096.00		
Total Monthly Per Unit		248.33		217.58		

Per Qtr \$ 745.00 Per Year \$ 2,980.00
 Estimates are driven from limited past experience from utilities, insurance and other vendors.

MAINTENANCE AND REPAIR CATEGORY FOR THE BUDGET

VENDOR	MEMO	TOTAL	CHALET	CONDO
	UNFORESEEN REPAIRS TO BE SHARED EQUALLY BETWEEN ALL 216 UNITS GOING TO MAKE THIS \$6,000 PER MEETING WITH JACK	6,000.00	\$28 per unit	\$28 per unit

UNFORESEEN REPAIRS AND MAINTENANCE EXPENSES

VENDOR	MEMO	TOTAL	CHALET	CONDO
	CONDO BUILDING LIGHTS, PROPANE GAS METER, AND FIRE ALARM SYSTEM	TOTAL	CHALET	CONDO
FIRE SUPPRESSION SYSTEMS	FIRE EXTINGUISHER INSPECTION	1,740.00		1,740.00
KENCO	FIRE ALARM SYSTEM MONITORING	2,400.00		2,400.00
PLATT ELECTRIC	BALLASTS AND LAMPS	1,600.00		2,000.00
CHEM DRY	CLEAN AND PROTECT HALLS AND STAIRS	2,600.00		2,600.00
		8,340.00		8,740.00

CONDO BUILDING LIGHTS, PROPANE GAS METER, AND FIRE ALARM SYSTEM

VENDOR	MEMO	TOTAL	CHALET	CONDO
	SCHEDULED	TOTAL	CHALET	CONDO
ERA TEST LLC	INSPECTION OF ALL UNITS	9,600.00	7,680.00	1,920.00

ITEMS THAT NEED TO BE DONE IN THE NEXT YEAR

	ENTRY DOORS CONDOS PAINTING C & D	200.00		200.00
	REPAINTING OF ENTRY DOORS AND GARAGE DOORS	5,400.00	5,400.00	
	MITIGATION OF MOLD IN CHALET CRAWL SPACES	10,000.00	10,000.00	
	PLAYGROUND EQUIPMENT MAINTENANCE	400.00	300.00	100.00

ROOF VENT REPAINTING CHALETS AND CONDOS	2,500.00	1,575.00	925.00
CONCRETE WORK PATIOS CONDOS AND CHALETS	5,000.00	4,000.00	1,000.00
STAIN DECKS	10,220.00		10,220.00
SNOW MELT DEVICES MAINTENANCE AND REPLACEMENT	700.00	500.00	200.00
LAWN SPRINKLER REPAIRS AND REPLACEMENT	800.00	600.00	200.00
COMMON ELEMENT ENHANCEMENT REVIEW	10,000.00	6,300.00	3,700.00
	54,820.00	36,355.00	18,465.00

FORSEEN EXPENSES TO BE ALLOCATED BASED UP WHERE THE MAINTENANCE WILL BE DONE

\$267 per unit
\$231 per unit

TOTALS FOR ALL ABOVE ITEMS

\$295 per unit
\$368 per unit



hpmmontana.com

Firelight Managers Report Annual Meeting 10/25/11

Hammond Property Management would like to thank Firelight Meadows for the opportunity to support the HOA with property management services. We are working to learn all the ins and outs of the campus and the governing documents. It has been great to meet owners as we run into them on site or when they call the office. In addition we have made contacts with some of the other support partners for Firelight Meadows. We appreciate everyone's patience as we learn.

Mike Harter is the field representative that is on site 5 days a week and Angie Guinn is the office support. In addition to reading the documents and exploring the campus to learn here are a few things that we have been working on over the last few weeks:

- Reinstalled the exit sign at building "D", east end of top floor.
- Repaired the wall outlet at building "D", west end of top floor.
- Installed a new foundation vent surround at northeast corner of building "C".
- Started cleaning and inventorying the storage rooms in buildings "C" and "D". Removed old appliances from the D storage area and made arrangements to donate Halloween decorations currently stored in building "B" to Morning Star Learning Center and Ophir School.
- Updated the contact info at Kenco for the alarm panel and fire suppression systems in all condo building (coordinated through Jose Morales with APM)
- Contacted Allied Waste and notified them of the changes in the property management contract.
- Reinstalled the chimney cap on Chalet #277 per request of home owner.
- Installed foundation vent covers on Chalets #365, #373, #381, #389, #410, #402, #394, and #386.
- Assisted "Top Notch Painting" with entry into several Chalets for exterior door painting.
- Removed old, damaged trim and lumber from behind the dumpster area at building "B".
- Disconnected garden hoses from the condo buildings and put them in storage for the season.
- Created a Firelight website accessible on the HPM website and transferred all the data from the Alpine website to it.

Some upcoming projects include:

- Winterize all condo buildings (turn off water to exterior faucets, install foundation vent covers, and turn on crawl space heaters).
- Assist with "crawl space" inspections in all chalets scheduled for November 7th – November 10th
- Reinstall chimney cap on building #337.
- Obtain quotes to repair a damaged parking outlet pole at building C

We look forward to getting to know you over the next year and working with you all.

o: 406.995.7220
f: 406.995.3030

Mailing: PO Box 161242, Big Sky, MT 59716
Shipping: 46838 Gallatin Road, Gallatin Gateway, MT 59730

Hovde Property Maintenance, LLC
Snow Removal/Landscaping Report
Annual Owners Meeting
October 25, 2011

Snow Removal:

1. Winter Season of 2010/2011 went well, with the snowfall exceeding the amount seen for a number of years.
2. Roof snow removal hours were more than has been needed in recent years.
3. There were a number of roof leaks for various reasons and Hovde Property Maintenance paid for a number of these damages.
4. Thirty-two Roof Ice Melt Tapes were purchased for replacement and addition to roofs that previously did not have heat tape (units that had heavy ice buildup in previous years).
5. Heavy equipment was used to remove snow pack and keep drains open for spring thaw.
6. Snow Markers have been installed for the upcoming winter season.

Landscaping:

1. Spring clean-up commenced as snow melt allowed and continued until completed.
2. Broadleaf weed control spraying was accomplished in sod areas a minimum of two times, and more in some areas, as needed.
3. All open areas were sprayed for broadleaf weeds.
4. Rock areas (driveway edges and swales) were sprayed several times to kill all vegetation.
5. Summer fertilizing was completed three times; in early June, early August and early October.
6. Fall fertilizing of trees continued through mid-October.
7. Noxious weeds were sprayed numerous times as needed on campus, plus on adjacent areas to property.
8. Winterization of irrigation system was completed at the end of September.
9. Numerous replacement trees are to be planted by Cashman Nursery in the spring.
10. In October we over-seeded the grass in open areas as recommended by Cashman Nursery.
11. Fall pruning of shrubs and bushes is continuing.

Spring Projects:

1. Plant ornamental grass in numerous areas, as discussed with Garrett.
2. Extend the irrigation zone to the Condo entry area.
3. Continue the fertilizing program.
4. Next year a similar Landscaping Program will be followed, based on recommendations of Cashman Nursery and the FLM Board of Directors.