

**Silver Bow Condominium Owners Association Annual Meeting  
September 2, 2011 at 9:00 AM  
Big Sky Water and Sewer District Building**

**MINUTES**

**I. Call Meeting to Order**

**a. Introduction—Chairman, Kirk Dige**

The meeting was called to order at 9:10 am. Kirk Dige thanked all of those present for attending and then each attendee introduced themselves. Attendees included the following owners: Kirk Dige, Lisa Prugh, Al Malinowski, Kelly Fried, Dick and Lorena Lauritzen, Tim and Robyn Faris, Becky Turlington, Francis and Ted Reid, Barbara Maves, Phil Pyle, Joe and Nancy Woodmansee, Justin Martin, Kevin Frederick, John Leeper, Derek Leonard. Additional guests included: Ron Gay, 3 Rivers Communications; Marjorie Knaub and Deb Purcell, Knaub & Company, P.C.; Steve Ditullio and Angie Guinn, Hammond Property Management.

**b. Determination of Quorum by Proxy or in Person (50% Required)**

A quorum was established with 42 of the 70 units represented in person or via proxy.

**IX. Other Business**

Kirk Dige shared that the meeting would start with a presentation from Ron Gay the southern district manager for 3 Rivers Communications.

Ron Gay explained that 3 Rivers is switching to fiber optic cables and moving away from the current copper facilities. The conversion is challenging at Silver Bow because the units are built on a slab so there is no crawl space to run wires. The wires will need to be run on the outside of the buildings. They will be run by professional installers and clipped with a sturdy clamping apparatus. Two-thirds of the Silver Bow complex has already been cut over to fiber optics. The other third is planned to be completed in the next couple of months, and anything that doesn't get done will happen next spring. Right now if you have internet it likely goes through a DSL modem. Once the conversion happens you will not need a modem. For phone they will tie into the existing wiring in the unit.

The new system does require a power source. In order to continue the work the HOA needs to determine how that will be set up. It draws .04 amps which is less than a coffee maker, and has 8 hours of battery back-up. Silver Bow does not have common meters on the buildings so the power will have to go through an individual unit's meter. There are two options:

1. There can be one larger unit per building that powers the entire building. This allows there to be only one power wire on the outside of the building. There are additional wires for TV and High speed internet. It would require a volunteer to allow the box to be installed inside their unit and take on the cost of powering the box. The con to this

method is that if that person left and/or had the power shut off the whole building would lose their 3 Rivers services.

2. The other option is to install a smaller power source in each unit that has 3 River services. This requires cables running to each unit so there will be more wires running along the outside of the building, however each individual would be responsible for the power for their service and unit.

The following questions were asked:

What about the antennas that some units installed for internet? Those antennas are for wifi internet service which is unrelated to the fiber optic cable. With the fiber optic conversion you can get more bandwidth for similar price if you switch to the new internet product. This conversion will impact phone, DSL internet, and upcoming TV service that is expected to be running in late fall.

What is the rough cost for electricity? Ron Gay doesn't know a dollar amount, but it is roughly the same as a coffee pot that is on 24/7.

Is the box on the outside of the building going to go away? There is one that holds fiber optic on the outside that will stay. The box with phone wires will probably change when the splicing of the wires takes place. Each building is a little different so the boxes will be specific to each building.

Current products are not competitive in pricing. Will you have bundled packages that will be competitively priced? Currently the northern exchanges have the 3 products working and it is bundled for under \$100 for all 3. The a la carte numbers will be higher based on the federally regulated service requirements.

Will you be able to turn the service on and off when using the service seasonally and will there be a fee? Yes it is possible; however Ron Gay doesn't know the costs. He will pass on the request to the customer service people so they can look into offerings for seasonal residents.

Currently if owners are not using 3 Rivers service do they need to have it installed now or can they do it at the time they want service? Currently 3 Rivers is doing the installation at no cost. In the future there may be a set up fee to have it installed. 3 Rivers is contacting current clients to complete the changeover. If you are not a client and would like the service to be available when the bundled packages come out, just contact the business office and ask them to do a pre-wire service.

Are you putting in the 3 wires today so it is ready for TV? At this time they are not because they don't know who will want the products. They can pre-wire for all products if the association chooses to, however, there are two considerations. First the wire needs to be run to where the TV is located so if that changes the wiring needs to be redone. Secondly someone needs to be in the unit when they are doing the work.

How are the two thirds that you mentioned were done set up if Silver Bow has not made the decision yet for how they want to proceed? Ron Gay said they were set up wrong and will be changed to whichever option Silver Bow chooses.

Can Silver Bow tie the power source into the common meters used for parking? There are not enough of them in the right locations and it is cost prohibitive to add more meters.

What is the time frame for the decision? It is up to Silver Bow they will be doing conversions over the next two years except during the winter season. The TV service is scheduled to start around Thanksgiving so if the decision is made soon the work can be completed before the winter season.

If we go with the larger power source do you need to access that unit each time another unit needs setup? No, as long as the power is on to the unit.

With no other questions Ron Gay gave his contact information to the board and excused himself.

Kirk Dige thanked Ron Gay and stated that the decision would not be made today. If owners of a building get together and an owner is willing to install a main power source for their building they can work directly with 3 rivers to have the power source installed. The board will address the options at the next Board meeting.

Kirk Dige proceeded with the meeting as outlined in the agenda. The Board has had a busy year with 4 quarterly meetings and two special meetings. They have accomplished the goal of revising the governing documents. Tom Angstman spearheaded that project and Kevin Frederick offered his expert legal advice which saved a lot of money. Kirk Dige thanked them and thanked everyone for voting for the revisions. Last year the Board said they would improve communications with the ownership. HPM has put together a website to help, [www.hpmmontana.com](http://www.hpmmontana.com). On the site you just click HOAs, then click Silver Bow and enter password: silverbow. On the site you will find all of the meeting minutes, budget information, governing documents and other related materials. In addition the Board planted about 2 dozen trees and formed a rules committee.

## **II. Review and Approval of Minutes of 2010 Annual Meeting**

**Mitch Furr made a motion to approve the 2010 minutes as submitted. John Leeper seconded the motion. The motion passed with all in favor.**

## **III. Management Update (See Attached Exhibit A)**

Steve Ditullio highlighted key points from the Manager's Report. Last winter HPM engaged Grizzly Snow Removal and the association saved money and got a better service. In addition we updated the security system in the pool area. Now HPM can access the security video from the

office. This spring we arranged for 46 Degrees North to install the new trees and coordinated the chimney inspections and cleaning. In addition we have been doing cleanup around the campus to get rid of debris that has been around for a while. HPM monitored the garbage pickup increasing when needed during the holiday seasons, and then decreasing it to save money when possible.

Kirk Dige stated that it has worked well having Steve be the point person for the campus. He fixes things on the spot and has taken good care of the campus.

#### **IV. Treasurer's Report—Knaub & Company, PC (See Attached Exhibit B)**

Marjorie Knaub presented the Treasurer's report. The cash balances are \$464,772. On accounts receivables there is more bad debt that there has been in the past. There are two foreclosures and liens filed on 5 accounts. As of today the receivables balance is \$47,444 and there is \$371,083 in the reserves. We are projecting that we will be about \$2300 over budget on expenses mainly due to the landscaping. Snow plowing and shoveling ended up being \$3800 under budget from competitive bids and office expense and mailings was \$1900 over budget due to additional mailings. The total assets are \$524,193. The statement of revenues and expenses compares 10 month actual as of July 31<sup>st</sup> to the annual budget.

#### **V. Discussion and Approval of 2010-2011 Budget**

Al Malinowski reviewed the proposed budget which keeps owner assessments the same. The Board is proposing a larger amount going to reserves and a smaller amount to the operating budget. The Board has trimmed operating expenses and is taking a more aggressive approach to managing the operating budget so all the investment income will be used toward operation. That way the HOA does not pay 30% taxes on income. Basically if the HOA shows income they pay tax, but if they show an operating loss they don't. So last year's total operating budget was \$200,490 and this year we are proposing a total operating budget of \$184,630, and the difference of roughly \$16,000 will be added to the reserve budget. Otherwise the budget is fairly similar in the operating expenses. We are continuing to put money toward landscaping improvements.

The Board is also proposing transferring some funds into reserves. Each year there is an operating deficit or surplus. Over time we have built up a surplus of \$80,000. The board is proposing transferring \$50,000 of that into the roof reserve. In addition, about 5 years ago the complex started an internet fund to research options for service. At this point there are options coming to us so we don't have to invest in internet. The board is proposing transferring the \$3500 from that account into the roof reserve as well. If this budget is approved, there will be over \$430,000 in reserves for the roof project and over \$500,000 in total reserves at this time next year.

A question was asked about whether the HOA should be anticipating bad debt and budgeting for it? There is some cushion in the operating surplus, and the Board has started working with a collection agency to see if any of the money can be recovered.

**Barbara Maves made a motion to approve the budget as presented. Ted Reid seconded the motion. The motion passed with all in favor.**

#### **VI. Re-Roofing Project Report**

The Board has received roofing bids to use for budgeting purposes. They have not entered into a contract yet. The Board does not anticipate any special assessment for this project. The bid is roughly \$540,000 and the Board has built in a 10% contingency budget. The contingency money is in place so that if the contractor finds something that needs attention once the shingles are removed the money is available to take care of it. All of the companies completing the bid have been on the roof and there are no signs showing concern, but the Board wants to be prepared. So the high number of the project is \$590,000. The Board is proposing to borrow the difference from what is in the roof reserves to cover the cost of the project. Then over the next couple of years the HOA will collect the same roof reserve as now to pay off the loan. The Board will only borrow what is needed to cover the costs.

The scope of the project is to tear off the cedar shake shingles and install a 50 year asphalt shingle along with a Grace Ice and water shield synthetic underlayment. The gutters, chimney caps, and roof vents will be replaced as well. The project may start this fall and is planned to be completed next summer. They will only be working on two buildings at a time to minimize the inconvenience during the project. Owners will be notified of a schedule once it has been determined.

An owner asked if consultants had been brought in to look at this. The Board paid for a bid package to be completed so all bids were comparable and completed by reputable roofing contractors. John Seelye, a local builder, will be inspecting the work as well.

**Kevin Frederick made a motion to authorize the Board to proceed with the roof project in the total amount of up to \$600,000 and authorize the board to get a line of credit up to \$170,000 to do so. Tim Faris seconded the motion. The motion passed with all in favor.**

#### **VII. Rules Committee Report**

The revisions of the declaration and bylaws give the board more power to create, implement and enforce rules and regulations. The Board wants input from the owners to create rules and regulations that work well for a majority of the owners. A committee consisting of Tom Angstman, Kelly Fried, and Derek Leonard has been established to work on this project. They will post a draft of revised rules on the web to get feedback from the owners. All feedback or suggestions can be sent to [Ali@hpmmontana.com](mailto:Ali@hpmmontana.com) and she will forward them on to the committee. Then the committee will revise the document and propose a final copy to the Board for approval. In the future when rules aren't working the board can make changes and adjust them as needed. Kelly Fried stated that one goal is to focus on the way the campus looks and create an environment that everyone can enjoy. Then Kirk Dige opened up the meeting for owners to share any topics they would like to see addressed by the committee. The pet rule

stating that renters can't have pets is in the governing documents so that one can't be revised. Below are the responses:

- Should there be rules about how long people can rent a unit for instance a minimum of a week to eliminate 1 or two night rentals, and develop a procedure for knowing what is going on with the rentals so you know what to do in case there is a problem.
- Define the rules for equipment and materials stored outside saying what is allowed and where.
- Parking spots - Should there be a sticker on vehicles to show that people are owners or guests?
- Managing pool codes and accountability for people giving out codes to non owner/renters.

The next concern was about how the plumbing works. The plumbing is in series and one owner had to pay for a cleanout which was for the whole building when they had a back up in there unit. Has this happened before and should it be an HOA practice to clean them? Each unit is different so there are numerous scenarios. The as built specs are available at Big Sky Water and Sewer and HPM will obtain a copy as well for emergency purposes. These can be used when problems arise to find the outside clean-outs.

#### **VIII. Nomination and Election of Board of Directors**

Two terms are up this year. They are 3 year terms. One is Al Malinowski, and the other is Dick Lauritzen. Both of them are willing to serve again. Nominations were requested from the floor. Kelly Fried made a motion to nominate Al Malinowski. Tim Ferris seconded the motion and it passed with all in favor. Tim Ferris made a motion to nominate Dick Lauritzen. Lisa Prugh seconded the motion and it passed with all in favor. With no other nominations Tim Marsh motioned to elect the nominated candidates. Nancy Woodmansee seconded the motion which passed with all in favor.

#### **IX. Other Business**

Kirk Dige opened the floor to other business. There was no other business.

#### **X. Adjournment**

Kirk Dige adjourned the meeting at 10:45 a.m.



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**EXHIBIT A**

**Silver Bow Condominiums HOA  
Annual Owners Meeting  
September 2, 2011 @ 9:00 am  
Big Sky Water Sewer District Meeting Room**

*Hammond Property Management has enjoyed our service at the complex this year. The following is a list of projects completed at the complex outside of our normal daily tours and maintenance of the complex.*

**Manager's Report**

➤ **Fall/Winter 2010:**

- Ⓢ Engaged with Cornerstone Management Services, Inc. to provide the Board with a report on the life cycle of the roofs at the complex.
- Ⓢ Worked with the Board on the revision of the governing documents and provided assistance with announcement and mail out to all owners.
- Ⓢ Performed repairs to dumpster buildings from damage by bears visiting the campus.
- Ⓢ Subcontracted All City Glass, Inc. to replace sliding door in pool room.
- Ⓢ Completed trim work for sliding glass door in pool room.
- Ⓢ Performed walkthrough at campus to ensure all painting was complete.
- Ⓢ Established snow plowing contract for winter with Grizzly Snow Removal, Inc.
- Ⓢ Established snow shoveling contract with Mike McCarthy.
- Ⓢ Replaced six receptacles at outside electrical outlets for vehicle plug-ins throughout the campus.
- Ⓢ Repaired photo eye in light bulb by the pool clubhouse.
- Ⓢ Repaired bad wiring in light by D parking lot.

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- Ⓢ Monitored trash pickup services and increased pickup times over the holiday season.
- Ⓢ Supervised snow shoveling and plowing services.
- Ⓢ Reattached loose tile in the pool room and bathrooms.

➤ **Winter 2011:**

- Ⓢ Performed a light check throughout the campus to ensure all lights were working.
- Ⓢ Shoveled out unit number parking lot signs.
- Ⓢ Managed Security Solutions in updating security system and changing codes for all 70 units.
- Ⓢ Enabled Security Solutions to install security camera software system at HPM office to remote to the clubhouse.
- Ⓢ Worked with Security Solutions on our office's camera difficulties.
- Ⓢ Monitored plowing and shoveling in front of dumpster buildings.
- Ⓢ Adjusted pressure on men's urinal to stop urinal from constantly running.
- Ⓢ Replaced plastic corner piece on paper towel dispenser in the women's restroom.
- Ⓢ Observed concrete failure on walkway by unit #2; BSWS will address when weather permits.
- Ⓢ Provided access to Big Sky Wi-Fi to clubhouse; engaged with Big Sky Wi-Fi and Security Solutions to update internet access; engaged with Security Solutions, Inc. to repair hard drive for security system.
- Ⓢ Cleaned areas in and around trash dumpster buildings.
- Ⓢ Performed a light check throughout the complex.
- Ⓢ Re-attached siding at unit #24.

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- Ⓢ Worked with Cornerstone Management Services, Inc. per Board request to create a bid system for the complex for roofing project.
- Ⓢ Re-attached falling trim piece at unit #7.
- Ⓢ Supervised DirecTV combining two satellite dishes into one satellite dish for units #32 and #33.

➤ **Spring 2011:**

- Ⓢ Engaged with Clay Cook and Will Henslee of 46 North Landscape and Design, Inc. to discuss placement of trees to be planted around the campus and types of trees to be planted.
- Ⓢ Contacted Sean Lucy after discovering hot tub jets were not working; Sean Lucy repaired jet.
- Ⓢ Obtained painting/staining estimate from Mike McCarthy; presented to the Board for approval; Board approved for work to be completed.
- Ⓢ Obtained lawn mowing quote from Pat Dillon; presented to the Board for approval; quote approved and work initiated.
- Ⓢ Performed repairs on garbage door latch.
- Ⓢ Checked unit #1's chimney for voids; found two areas that need addressed; filled in voids.
- Ⓢ Picked up trash around the complex.

➤ **Summer 2011:**

- Ⓢ Subcontracted Canyon Chimney Sweeps, Inc. to inspect and sweep chimneys throughout the complex.



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- Ⓢ Removed building material behind unit #42.
- Ⓢ Installed swallow deterrent at unit #57.
- Ⓢ Issued warning to unit #67 concerning snowmobile violation.
- Ⓢ Issued warning to unit #40 concerning recreational boats placed in yard.
- Ⓢ Monitored 46 North Landscape and Design Inc.'s installation of trees.
- Ⓢ Distributed roof bid packages to 4 contractors.
- Ⓢ Adjusted irrigation system.
- Ⓢ Subcontracted NPK, Inc. to perform annual weed and feed application for noxious weeds.
- Ⓢ Repaired dryer vent at unit #44.
- Ⓢ Cleaned areas in and around trash dumpster buildings.
- Ⓢ Installed swallow deterrent at unit #57.
- Ⓢ Issued warning to unit #67 concerning snowmobile violation.
- Ⓢ Issued warning to unit #40 concerning recreational boats placed in yard.
- Ⓢ Monitored 46 North Landscape and Design Inc.'s installation of trees.
- Ⓢ Distributed roof bid packages to 4 contractors.
- Ⓢ Adjusted irrigation system.
- Ⓢ Subcontracted NPK, Inc. to perform annual weed and feed application for noxious weeds.
- Ⓢ Repaired dryer vent at unit #44.
- Ⓢ Cleaned areas in and around trash dumpster buildings.
- Ⓢ Replaced entry light at unit #13.
- Ⓢ Contacted Allied Waste Services, Inc. and requested extra trash pickups during busy season.

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- Ⓢ Supervised pool being opened for summer season.
- Ⓢ Replaced light bulbs throughout the complex.
- Ⓢ Met with Association Roofing Committee to discuss roof bid packages and choose a roof contractor for project.
- Ⓢ Replaced irrigation head by unit #57.
- Ⓢ Installed a phone and phone table in the pool room for the residents' use. The phone is for local calls only.
- Ⓢ Swept and cleaned in and around dumpster buildings.
- Ⓢ Removed debris from the campus with HPM's dump trailer.
- Ⓢ Issued warning to unit #67 concerning abandoned vehicle.
- Ⓢ Engaged with Vega Creations to begin creating sign ideas for Silver Bow entry signs.
- Ⓢ Subcontracted Mike McCarthy, per the request of the Board, to paint the pool building doors bronze.

*It has been our pleasure serving the Silver Bow Condominiums. Thank you for allowing us to be your management company.*

*Sincerely,*

*Hammond Property Management*

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Exhibit B

SILVER BOW CONDOMINIUM OWNERS' ASSOCIATION  
 Budget Worksheet  
 For the year ending 9/30/2012

	9/30/10	9/30/11	9 months	Jul/Aug/Sept	Projected	Projected	2012
	Actual	Budget	6/30/2011	Expected	9/30/2011	Over (Under)	Proposed
						Budget	
<b>Operating Expenses:</b>							
<b>Administrative:</b>							
Accounting	6,000	6,000	4,500	1,500	6,000	-	6,840
Bad debt expense	5,727	-	-	-	-	-	-
Insurance	30,539	32,500	23,979	7,993	31,972	(528)	25,000
Legal	7	1,000	253	-	253	(747)	500
Manager Fees	24,000	32,000	24,000	8,000	32,000	-	33,000
Office expense/postage	819	1,000	2,708	200	2,908	1,908	500
Annual corporate report	15	15	15	-	15	-	15
Meeting costs	77	100	-	-	-	(100)	-
Income tax expense	2,880	2,000	-	2,000	2,000	-	-
	70,064	74,615	55,455	19,693	75,148	533	65,855
<b>Maintenance:</b>							
Building maintenance	2,689	3,000	2,209	791	3,000	-	3,000
Window washing	2,000	2,000	-	2,000	2,000	-	2,000
Exterior utility enclosures	1,045	-	-	-	-	-	-
Chimney maintenance	3,100	3,100	3,025	-	3,025	(75)	3,100
Trim & deck stain	17,500	20,000	-	20,000	20,000	-	20,000
Landscaping Improvements	-	5,000	9,601	2,700	12,301	7,301	5,000
Lawn maintenance	19,905	20,000	8,680	11,320	20,000	-	20,000
	46,239	53,100	23,515	36,811	60,326	7,226	53,100
<b>Recreation Area:</b>							
Telephone	1,146	1,200	728	100	828	(372)	400
Pool contract maintenance	15,000	15,000	10,000	5,000	15,000	-	15,000
Pool building maintenance	7,025	5,000	4,648	500	5,148	148	7,500
Pool supplies	2,148	3,000	1,078	1,500	2,578	(422)	2,500
Propane	7,874	8,000	5,682	2,100	7,782	(218)	6,200
Health license	275	275	275	-	275	-	275
Security system	1,120	500	487	-	487	(13)	500
	34,588	32,975	22,898	9,200	32,098	(877)	32,375
<b>Services:</b>							
Electricity	7,868	9,000	6,170	2,360	8,530	(470)	9,000
Garbage	8,819	9,000	6,239	2,931	9,170	170	9,000
Water and sewer	2,177	1,800	892	472	1,364	(436)	1,800
Snow shoveling	12,200	13,000	12,000	-	12,000	(1,000)	13,000
Snow plowing	5,500	7,000	4,200	-	4,200	(2,800)	7,000
	36,564	39,800	29,501	5,763	35,264	(4,536)	39,800
Less laundry, finance charge & interest income							(6,500)
Total operating expenses	187,455	200,490	131,369	71,467	202,836	2,346	184,630
<b>Reserve Assessments:</b>							
Roof Reserves	64,110	64,510	-	64,510	64,510		70,370
Pool reserve	10,000	10,000	-	10,000	10,000		20,000
Total Reserve Assessments	74,110	74,510	-	74,510	74,510		90,370
Total	261,565	275,000	131,369	145,977	277,346		275,000
Transfer from equity to roof reserves					50,000		
Transfer from wireless internet to roof reserve					3,500		