



PO Box 160099 Big Sky, MT 59716

Annual Owners Meeting
Of
SPC Condominium Association, Inc. ("SPC")
March 15, 2012
9:00 AM – Big Sky Water and Sewer District Building

Minutes

I: Call to Order

The meeting was called to order at 9:05 a.m. by Brad Fretz. A quorum was established with 26 proxies and 8 unit owners present at the meeting.

Attendees at the meeting were the following: SPC owners: Brad Fretz (unit #43); Todd and Stacy Chapman (unit #55); Jim Hammelman via conference call (unit #11); Judy Nilon via conference call (unit #23); Frank Alley (unit #36); Cynthia Garrity (unit #37); Ross Pfohl (unit #15); Meg O'Leary (unit #19); Jon Christensen (unit #25); and Maggie Luchini (unit #24). Attendees from Hammond Property Management, Inc. ("HPM") were: Scott Hammond, Ryan Welch, Scott Foley, and Alison Gregory. Also in attendance was SPC's accountant, Rich Lindell.

II: Approval of 2011 Annual Meeting Minutes

Mr. Fretz made a motion to approve the 2011 Annual Meeting Minutes. Mr. Chapman seconded the motion. All in favor; motion passed.

III: Financial Review

a. Financial Report (*Please refer to Exhibit I*)

Mr. Rich Lindell presented the financial report, beginning with the balance sheet dated 12/31/2011. The total cash amount (comprised of the checking and savings accounts) was \$99,456. The Association has a strong cash position and is up by \$30,000. Total accounts receivables at year end was \$440. The Association ended 2011 with a total equity of \$79,206.

Mr. Lindell reviewed the Statement of Revenues for the period 1/1/2011-12/31/2011 (*page 3 on Exhibit I*). Overall, SPC ended the year with a surplus of \$16,442 in the operating budget. The painting/staining reserve balance was \$19,846, after \$24,700 in expenses for 2011. The roof reserve began at \$14,813 and ended the year at \$16,813, after a transfer of \$2,000. The road reserve ended at \$17,306. The betterment/replacement reserve balance was \$8,800, after \$21,000 in expenses for 2011. Overall, total funds at the end of 2011 were \$79,207.

Mr. Lindell concluded his report reviewing the budget to actual for 2011 (*page 4 on Exhibit I*). For the administrative section, the Association ended the year under budget by \$15,045. For the

maintenance section, the Association ended the year over budget by \$10,984. This was largely due to the significant snowfall and big winter in 2011. The roof shoveling line item was over by \$8,835 as the Association had to engage with Montana Steamworks on several occasions to remove the snow and ice from the roofs. The building repairs line item was over budget by \$4,523 due to repairs that occurred after numerous roof leaks throughout the complex. The landscape maintenance line item was over budget by \$5,165 due to the pond and waterfall improvements. For the recreation and clubhouse section, the Association was under budget by \$6,067. The total operating budget was under budget by \$10,128. The total reserves were under budget by \$9,600. The total budget was under budget by \$19,728. Overall, the budget for 2011 performed well.

Mr. Hammelman thanked Mr. Lindell for his presentation. He commented that it has taken the Association a few years to improve the cash balance position. The Association is now coming out of a phase of a tight cash balance. The goal is to continue to improve the complex and make it the best condominium complex in Big Sky.

Mr. Hammelman presented the 2012 budget (*Please refer to Exhibit II*). The total budget remains unchanged for 2012 versus 2011 at \$340,000. The insurance line item under the administrative section was reduced roughly \$8,000 to \$33,000. The electric line item under the maintenance section was increased from \$57,000 to \$65,000 in light of the big winter Big Sky experienced in 2010/2011. However, late 2011/2012 has not seen a big winter this year. Most likely, there will be significant savings in the electric line item due to the lighter winter. The improvements line item under the maintenance section has decreased to \$17,285. The repairs and maintenance line item under the Recreation & Clubhouse section has increased to \$31,000 because of the clubhouse remodel/fitness facility.

Mr. Hammelman asked if any of the owners present had any questions. Mr. Christensen (unit #25) asked if the \$31,000 is for the build-out amount or for maintenance of the clubhouse. The \$31,000 is for the build-out amount of the clubhouse. Mr. Christensen also asked why the Board budgeted similar to the maintenance section as last year. Mr. Hammelman explained the Board did not know what kind of winter Big Sky would have this year. Last year, with the snow Big Sky experienced, the budget was over budget. A lot of time was spent on roofs and a lot of interior repairs were performed because of roof leaks. Therefore, the Board felt it necessary to be prepared in case this winter proved to be the same.

Ms. O'Leary asked why the betterment/replacement reserve fund was decreased to \$2,000. Mr. Hammelman explained there are no big projects in the near future. The betterment/replacement reserve was funded with a substantial amount last year to complete the downspout project. The Board can always increase the betterment/replacement reserve fund if necessary.

Mr. Hammelman noted in moving forward SPC's challenge is keeping the Association's assessments stable while continuing to build the reserves for future capital expenditures (roofs). In the future, the Board will continue to reserve for roofing expenses. The Board will discuss options to fund the roof replacement at a later time and will make a recommendation to the owners. The Association has roughly eight (please double check. I thought we had 02-30 year roofs) years before new roofs need to be installed.

b. Insurance Overview

Mr. Lindell excused himself from the meeting, and Mr. Hammelman discussed the Association's insurance. In December 2011, the Association switched to a new insurance company/agent. The Association previously was with Tom Downey with Payne Financial Group and insured with Fireman's

Fund Insurance. The Association is now with Tom Lech with Total Insurance Services, Inc. and insured with Middle Oak Insurance, CNA, and Great American Insurance Company. Total Insurance Services, Inc. is based out of Chicago, IL and is owned by Eric Jaffee and Mike Levin, who are owners of SPC #5.

The Association had to be claim free for 3 years in order to shop for insurance. The Board felt the Association was not getting the appropriate coverage; therefore, Mr. Hammelman began to shop insurance in 2011 3 years after the last claim was filed.

The switch saved the Association \$8,000 and improved coverage. Mr. Hammelman highlighted the following improvements in coverage:

- Previously losses were limited to \$23 million; it is now guaranteed replacement cost coverage.
- The earthquake coverage was \$5 million; it is now guaranteed replacement cost coverage.
- The umbrella coverage was \$1 million; it is now \$5 million.
- The Association has three carriers:
 - The general liability (property) is covered by Middle Oak Insurance.
 - The directors and officers is covered by CNA.
 - The umbrella liability is covered by Great American Insurance Company.

Mr. Hammelman said the Board will rebid the coverage at the end of 2012 and see if the Association can do even better in savings. However, the Association now has much better coverage and a lower premium. ***Mr. Hammelman reminded all owners that it is their responsibility to obtain at least \$300,000 in liability coverage as well as their own personal property coverage. Each owner reserves the right to insure their property with additional coverage over and above the Association's coverage.***

******PLEASE SEE ENCLOSED EXHIBIT III.**

IV: Manager's Report (*Please refer to Exhibit IV*)

Scott Hammond presented the Manager's Report. After Mr. Hammond completed the Manager's Report, the following items were discussed in more detail:

- The pond and waterfall improvements were completed last summer. In the coming months, fish will be released into the pond. There will be 3 different sizes of trout and catch-and-release fishing will be permitted.
- The ice melt system was shut down for roughly 2-3 weeks this winter. The ice melt system costs roughly \$350 a day. The Association saved a substantial amount of money during those weeks of not running the system.
 - HOWEVER, during the weeks the ice melt system was shut off, HPM the gutters and downspouts continued to freeze and some gutters were blown out of the risers. Those concerns have been addressed. Managing the roof melt system has proven to a learning process.
 - The system is currently on and the goal is turn the system off in the next couple of weeks.
 - Mr. Pfohl asked if it was possible for the Association to have TWO ice melt systems; one for the gutters and one for the roofs. The Board and HPM agreed this was a great idea but not sure if it is possible. An electrician would need to assess if the system can be split as well as identify what breakers control the gutters and what breakers control the roofs.

- The Board will discuss Mr. Pfohl's suggestion at the Board meeting following the annual meeting and make a decision on whether or not it is feasible to move forward with investigating this possibility.
- The clubhouse remodel and addition of the gym facility was a large project for early 2012. Mr. Hammond thanked Mr. Fretz for all of his work and involvement. Mr. Pfohl asked if the Board would consider adding mirrors in the gym facility and was advised this was already in process..
 - The shower door in the clubhouse was also addressed. The concern that the shower door is "see through". The Board and HPM are working with Blue Ribbon Builders, Inc. to replace the shower door and/or provide a more secure shower room.
- In February, the creek clogged with ice and backed up to unit #3. It was a bizarre occurrence and a result of the weird aspects of Mother Nature this year. HPM hired Montana Steamworks to steam the culvert and clean up the areas around unit #3.
- Another sign will be added to the pond area reminding owners/guests to stay off the ice.
- Questions arose from a few owners regarding installation of water softening systems. It is the owner's responsibility to install a water softening system for their unit. However, if any owner needs help obtaining estimates for a water softening system for their unit, HPM is happy to help provide assistance in obtaining estimates and providing contact information for appropriate sub-contractors.

Mr. Hammond introduced Scott Foley to the owners present. Scott Foley is the Property Service Manager for HPM and has been with HPM just shy of a year. Currently, Ryan Welch is the field rep for SPC. Scott Foley will be working with Ryan Welch at SPC over the next several months and will transition into being the field rep for SPC.

V: 2012 Project List (*Please refer to Exhibit V*)

Mr. Hammond presented the 2012 Project List for SPC. Mr. Hammond discussed the following:

- **Clubhouse Remodel/Gym Equipment:** The remodel is complete and all gym equipment is in the facility. The cost allocated for the project was roughly \$46,000.
- **Paint Buildings #8 and #9:** These two buildings are next in the rotation and will be painted this summer. The cost for both buildings is roughly \$25,000.
- **Meter Pit near Building #11:** The goal was to create additional meter pits for irrigation for the complex. However, Big Sky has not experience a drought summer in several years. At this point, it is too early to determine if this year will be a drought year. It has not been decided upon if an additional meter pit will be installed near building #11. The Board and HPM will address this project if necessary. This will remain a "stay tuned" situation until then.
- **Reseal Parking Lot:** The parking lot is getting resealed this summer. An oil sealant will be applied. Mr. Hammond asked if the ownership wanted "striping" throughout the complex. After much discussion, it was determined that no "striping" would take place when the parking lot is resealed.
- **Refinishing Front Doors:** The front doors will be refinished again this summer. It adds curb appeal to each unit. This will take place after the completion of the painting of buildings #8 and #9.
- **Potential Additional Signage:** Additional signs may be posted throughout the campus as deemed necessary. Last summer privacy signs and no trespassing signs were installed to reinforce in the community that SPC is a private condominium complex. . While there is a public trail through the eastern end of the complex, the signs placed at the trail are a friendly reminder for those passing through to respect the owners/residents of SPC and to keep dogs leashed.

Ms. O'Leary suggested to the Board that planting more trees would help create privacy while also adding to the complex aesthetically. While Mr. Fretz agreed planting trees would be the ideal approach and very nice aesthetically, he noted it would be very expensive to plant trees and keep them adequately watered. At this time, the Board will remain consistent with the signs and may replace and/or add additional signs if and when necessary.

- **Unit 33 and Unit 37 Landscape Bed Improvements:** This project will be addressed after 2012's projects are completed. Mr. Hammond would like to see these beds improved. Currently, there are just rocks in the beds. In the future, he would like improve the aesthetics of these particular beds.
- **Plant "Snow on the Mountain" throughout the Complex:** This is also a project for after 2012. This is a low maintenance ground cover. "Snow on the Mountain" was installed at a neighboring condominium complex and has worked beautifully. "Snow on the Mountain" will help establish buffers throughout the complex as well as improve the corridors between the units.
- **Landscaping Bed at East and West Entries:** This project will take place post 2012. HPM would like to slowly improve these beds and make them more aesthetically appealing.
- **Little Coyote "Rock Bed":** Mr. Hammond asked to take this project off of the project list. He feels it is not necessary. And not in keeping with other Big Sky condo complexes and homes. Mr. Fretz made a motion to remove Little Coyote "Rock Bed" from the project list. Mr. Chapman seconded the motion. All in favor; motion passed. .
- **Paint Two Buildings:** Painting two buildings is part of the painting rotation for every year. In 2013, the painting rotation will be addressed.

a. Radon

Mr. Hammond provided an update on the status of the radon project.

- Buildings 1, 2, 4, 6, 7, 9, and 12 have had the fan successfully installed in the attic of the "c" unit to mitigate the radon in each building.
- Buildings 8, 10, and 11 have not had the fan installed because the developer plumbed the pipe through the attic trough too closely against the joist. There is not enough depth to install a fan. Therefore, the pipes will have to be moved over to allow enough room to install a fan. This work will take place late spring/early summer 2012 as soon as the weather permits.

All owners either have been or will be billed roughly \$100 individually by the Association's accountant.

b. 3 Rivers Fiber Optic Installation Update

Please refer to Exhibit VI. This update was provided by Jason Luchini, owner of SPC #24 and representative for 3 Rivers Communications.

Please also refer to Exhibit VII. Mr. Luchini provided this information in addition to Exhibit V. However, these prices are CURRENT prices and are only possible on fiber optic. PLEASE NOTE: Mr. Luchini said the prices reflected MAY be changing. However, that information is confirmed and no new updates have been given.

If any owner has any questions, please call 3 Rivers Communications directly.

More information will follow once 3 Rivers Communications provides additional information.

VI: Other Business

There was no other business to discuss.

VII: Board Member Election

Ernie Filice, former President of SPC, sold his condo late Fall 2011 and resigned as President. Mr. Fretz was nominated at the Board meeting in December to replace Mr. Filice as President.

Mr. Fretz thanked Mr. Filice for his service as President. Mr. Filice served as President from 2007 to 2011. Mr. Filice did a wonderful job as President for SPC and put forth a lot of time, attention, and care to the Association. The Board would like to thank him for his service, and therefore, bought an enameled "Sheriff's" badge inscribed with his name indicating he was the 1st President of SPC. Mr. Fretz presented the badge to the owners present and made a motion to send the badge to Mr. Filice with a note of gratitude from the entire ownership. Ms. Garrity seconded the motion. All in favor; motion passed. An identical copy of the badge will be displayed in a shadow box in the Clubhouse in Mr. Filice's honor.

All owners were notified in the annual meeting packet that was mailed in January of the open position on the Board of Directors. Any owner interested was asked to contact Mr. Fretz. Two owners, Lanie Deibert (unit #3) and Stephen Pruitt (unit #13) contacted Mr. Fretz with their interest to serve on the Board. After much discussion, the Board determined it was most necessary to have someone on the Board that is a full time resident on the premises. As Mr. Pruitt is a full time resident, it is the intent of the Board to elect him. The Board thanked Ms. Deibert for her interest and indicated that she would be a good candidate for the next available position.

Mr. Fretz made a motion to nominate Stephen Pruitt to the Board of Directors. Mr. Pfohl seconded the motion. All in favor; motion passed.

Mr. Fretz's term expires in 2012. Therefore, Mr. Chapman made a motion to nominate Mr. Fretz for another term and as President. Mr. Pfohl seconded the motion. All in favor; motion passed.

Therefore, Mr. Fretz's new term, as well as Stephen Pruitt's term, will expire in 2016.

VIII: Adjournment

Mr. Fretz made a motion to adjourn the meeting at 10:30 a.m. Ms. Luchini seconded the motion. All in favor; motion passed.

Exhibit I

SPC Condominium Association, Inc.

Financial Statements and Supplementary Information

December 31, 2011

Richard T. Lindell II, CPA

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Accountant's Compilation Report

To the Board of Directors and owners of SPC Condominium Association, Inc.:

We have compiled the accompanying balance sheet of SPC Condominium Association, Inc. as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund balance for the year then ended and the accompanying supplementary information contained in Schedule 1 for the year then ended which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management (the board of directors) has elected to omit substantially all of the disclosures, the statement of cash flows, and the statement of comprehensive income required by generally accepted accounting principles. If the omitted disclosures and statements were included in the financial statements, they might influence the user's conclusions about the SPC Condominium Association, Inc.'s financial position and results of operations. Accordingly, these financial statements are intended solely for the information and use by SPC Condominium Association, Inc. members and their Board of Directors, and should not be used by third parties or others who are not informed about such matters.

The American Institute of Certified Public Accountants has determined that supplementary information about the future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. SPC Condominium Association, Inc. has not presented this supplementary information.

We are not independent with respect to SPC Condominium Association, Inc.

Lindell & Associates P.C.

Big Sky, Montana
February 6, 2012

SPC Condominium Association, Inc.
Balance Sheet
As of December 31, 2011

	Dec 31, 11
ASSETS	
Current Assets	
Checking/Savings	
American Bank Checking	69,278
American Bank Savings	30,177
Total Checking/Savings	99,456
Accounts Receivable	
Accounts Receivable	440
Total Accounts Receivable	440
Other Current Assets	
Prepaid Insurance	2,419
Total Other Current Assets	2,419
Total Current Assets	102,315
TOTAL ASSETS	102,315
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	23,109
Total Accounts Payable	23,109
Total Current Liabilities	23,109
Total Liabilities	23,109
Equity	
Retained Reserves	59,346
Net Income	19,860
Total Equity	79,206
TOTAL LIABILITIES & EQUITY	102,315

SPC Condominium Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
January 1, 2011 through December 31, 2011

	Operating Fund	Painting/ Staining Reserve	Roof Reserve	Road Reserve	Bettermnt/ Replacemt. Reserve	Total
Revenues:						
Assessments	284,700	21,500	2,000	2,000	29,800	340,000
Interest Income	132					132
Miscellaneous Income	0					0
New Unit Revenue	0	0	0	0	0	0
Total Revenues	<u>284,832</u>	<u>21,500</u>	<u>2,000</u>	<u>2,000</u>	<u>29,800</u>	<u>340,132</u>
Expenses:						
Administrative						
Accounting	5,464					5,464
Annual Corp. Report	15					15
Bank Charges	142					142
Insurance	38,902					38,902
Interest	0					0
Legal	0					0
Misc.	0					0
Office / Postage	1,697					1,697
Maintenance						
Building Repairs/Maintenance	7,523					7,523
Electric - Buildings	56,992					56,992
Fireplace Cleaning/Inspections	3,050					3,050
Fire Suppression Inspect. Maint	5,477					5,477
Garbage	8,875					8,875
Improvements	28,780					28,780
Landscaping	19,165					19,165
Management	53,485					53,485
Roof Shoveling/Maint./Repairs	11,335					11,335
Snow Removal - Roads	11,400					11,400
Water/Sewer - Grounds	2,682					2,682
Recreation & Clubhouse						
Electricity	2,178					2,178
Propane	5,310					5,310
Repairs/Maintenance	5,993					5,993
Supplies	104					104
Television	1,261					1,261
Internet Service	526					526
Water/Sewer	4,216					4,216
Reserves						
Roof	0		0			0
Road	0			0		0
Betterment/Replacement	0				21,000	21,000
Painting/Staining	0	24,700				24,700
Total Expenses	<u>274,572</u>	<u>24,700</u>	<u>0</u>	<u>0</u>	<u>21,000</u>	<u>320,272</u>
Excess Revenues over Expenses	10,260	(3,200)	2,000	2,000	8,800	19,860
Fund Balance at 1/1/11	6,182	23,046	14,813	15,306	0	59,347
1 Fund Transfers (in/out)	0				0	0
Fund Balance at 12/31/11	<u>16,442</u>	<u>19,846</u>	<u>16,813</u>	<u>17,306</u>	<u>8,800</u>	<u>79,207</u>

For Management Discussion Only-NOT for THIRD PARTY USE
See Accountant's Compilation Report

Supplementary Information

SPC Condominium Association, Inc.
Schedule 1 - Budget to Actual Comparison
31-Dec-11

	55 Units Approved Budget 2011	Actual 12/31/11	(Over)/ Under Budget
Administrative			
Accounting	6,300	5,464	836
Corporate Fee	15	15	0
Bank Charges	150	142	8
Insurance	40,800	38,902	1,898
Interest Expense	1,000	0	1,000
Legal	5,000	0	5,000
Assessment Contingency	5,000	0	5,000
Miscellaneous	500	0	500
Office / Postage	2,500	1,697	803
Total	61,265	46,220	15,045
Maintenance			
Building Repairs/Maintenance	3,000	7,523	(4,523)
Electric - Buildings/Icemelt	57,000	56,992	8
Fireplace Inspections	4,125	3,050	1,075
Fire Suppression Inspect/Maint	5,500	5,477	23
Garbage	9,800	8,875	925
Landscaping Maintenance	14,000	19,165	(5,165)
Improvements	29,870	28,780	1,090
Management	53,485	53,485	0
Snow Removal - Roads	15,500	11,400	4,100
Roof Shoveling/Maint./Repairs	2,500	11,335	(8,835)
Water/Sewer - Grounds	3,000	2,682	318
Total	197,780	208,764	(10,984)
Recreation & Clubhouse			
Electricity	1,900	2,178	(278)
License	75	0	75
Propane	10,000	5,310	4,690
Repairs/Maintenance	6,000	5,993	7
Supplies	1,000	104	896
Internet Service	600	526	74
Television	1,080	1,261	(181)
Water/Sewer	5,000	4,216	784
Total	25,655	19,588	6,067
Total Operating Budget	284,700	274,572	10,128
Reserves			
Roof	2,000	0	2,000
Road	2,000	0	2,000
Betterment/Replacement	29,800	21,000	8,800
Painting/Staining	21,500	24,700	(3,200)
Total Reserves	55,300	45,700	9,600
Total Budget	340,000	320,272	19,728

Exhibit II

SPC Condominium Association, Inc.
Schedule 1 - Budget
2012¹

	55 Units Approved Budget 2012
Administrative	
Accounting	6,300
Corporate Fee	15
Bank Charges	200
Insurance	33,000
Interest Expense	1,000
Legal	5,000
Assessment Contingency	5,000
Miscellaneous	500
Office / Postage	2,500
Total	53,515
Maintenance	
Building Repairs/Maintenance	3,000
Electric - Buildings/Icemelt	65,000
Fireplace Inspections	4,200
Fire Suppression Inspect/Maint	5,500
Garbage	9,800
Landscaping Maintenance	14,000
Improvements	17,285
Management	53,500
Snow Removal - Roads	15,500
Roof Shoveling/Maint./Repairs	7,000
Water/Sewer - Grounds	3,000
Total	197,785
Recreation & Clubhouse	
Electricity	1,900
License	100
Propane	10,000
Repairs/Maintenance	31,000
Supplies	1,000
Internet Service	600
Television	1,100
Water/Sewer	5,000
Total	50,700
Total Operating Budget	302,000
Reserves	
Roof	9,000
Road	2,000
Betterment/Replacement	2,000
Painting/Staining	25,000
Total Reserves	38,000
Total Budget	340,000



Insurance • Consulting • Investments

March 23, 2012

Dear Condo Unit-owner:

Spanish Peaks Condominium Association has renewed the insurance for the December 31, 2011 to December 31, 2012 with Middle Oak Through Total Insurance Services, Inc.

If you are refinancing, selling, or possibly at another time, you may be asked by your lender to provide a certificate of insurance to confirm that the building is covered by insurance. As a service to our clients, certificates of insurance can now be easily obtained from our website at www.totins.com. Click on Certificates of Insurance, and then click on condos. After filling in Spanish Peaks you will be able to add your name and address, as well as your mortgage company's name and address and have the proof of insurance that you need printed from your own printer within 60 seconds. If you do not have internet access, you may call the Certificate Hotline at 847-656-8411 and you will have the option of speaking to a live person by dialing "0".

As a condo owner, you know that your insurance needs are different from other home owners. You need an individual condo insurance policy in addition to the association's policy.

Benefits of having your individual condo policy:

- Personal property protection
- Personal liability protection in the event of a lawsuit
- Protection for your building additions and alterations.

In addition to saving you money, it's an opportunity for you to have an insurance professional review your current situation.

Please contact Tina Cross at 847-656-0467 for more details and information.

Sincerely,

Tom Lech
Tom Lech

Please Save for Future Reference

EXHIBIT III



SPC Condominium Association, Inc.
Annual Meeting
March 15, 2012

Manager's Report

Hammond Property Management has enjoyed our year of service at the complex and look forward to our relationship continuing in years to come. The following is a list of projects completed at the complex outside of our normal daily tours and maintenance of the complex.

Spring/Summer 2011

- Shut down bylin ice melt system as quickly as possible as to reduce costs.
- Checked and replaced light bulbs throughout the campus.
- Fired up irrigation system and made necessary repairs.
- Initiated spring cleanup throughout the campus and began mowing services.
- Subcontracted Forever Green for minor irrigation repairs.
- Pruned all bushes and trees throughout the complex.
- Swept parking lots and power raked landscaped areas throughout the campus.
- Subcontracted Rocky Mountain Radon, Inc. to assess passive systems at the complex and install fans in buildings #4 and #6.
- Installed circulation pump in the pond waterfall.
- Installed parking bumpers.
- Plastered spa.
- Cleaned pool and opened pool for the summer season.
- Subcontracted Canyon Chimney, Inc. to inspect and clean chimneys throughout the complex.
- Installed pond product.
- Addressed roof leak at unit #43.
- Subcontracted Mountain Scapes, Inc. to landscape pond and drainage area.
- Raised and lowered pond per Urbani Fisheries, Inc. to establish new plants
- Subcontracted Wapiti Concrete to reseal concrete around pool.
- Cleaned dumpster areas.
- Subcontracted Amerigas, Inc. to repair propane leak in the clubhouse and fill tanks at a summer price.
- Installed "private property" and "no trespassing" signs throughout the campus.
- Subcontracted Security Fire, Inc. to repair leaking fire suppression head at unit #16.
- Moved pool table from unit #38 to the clubhouse; the Association received a great deal on the pool table from #38's owner.

- Subcontracted Water Dog, Inc. to install new flow module on pool heaters to assist with cooling.
- Worked with 3 Rivers, Inc. on fiber optic installation at building #7.
- Replaced gutter downspouts at units #14 and #16.
- Replaced photo eye cell at building #1.
- Subcontracted Gallatin Water Works, Inc. to replace fitting on the backflow preventer behind unit #53.
- Repaired broken drip line at unit #7.

Fall 2011

- Subcontracted Forever Green Sprinklers, Inc. to shut down irrigation system.
- Winterized pool.
- Covered the hot tub and put away pool furniture.
- Managed dumpster pickups and updated schedule to one dumpster pick up a week.
- Pulled the pond pump out of the pond; winterized pond with appropriate products.
- Performed walkthrough at the campus to ensure all was winterized for upcoming winter season.
- Performed annual fire suppression system inspections with IT&M.
- Worked with 3 Rivers, Inc. on fiber optic installation at units throughout the complex.
- Pulled parking bumpers.
- Engaged Shad Powers with Powers Heating, Inc. to perform annual boiler inspections at various units throughout the complex.
- Performed exterior light check and changed exterior light bulbs throughout the campus.
- Tacked up loose garage molding throughout the complex.
- Changed clubhouse entry code; notified owners
- Subcontracted Mountain Home Electric, Inc. to replace bad zone on heat tape at building #1.
- Obtained estimates from Tyler Electric, Inc. to connect radon fans to house panels.

Winter 2011/2012

- Turned on Bylin Ice Melt System.
- Managed trash pickups during holidays; consolidated overflowing dumpsters when necessary during the holidays.
- Raked icicles of the roofs of units #43, #44, and #45.
- Engaged with Blue Ribbon Builders, Inc. on clubhouse remodel.
- Worked with the Board of Directors after remodel on ordering fitness equipment, video system, TV's, etc. for new fitness area.
- Removed Christmas trees from the complex.
- Performed weekly checks of propane tank levels.
- Managed snow plow contractor, Grizzly Snow Removal, Inc.
- Relocated Wi-Fi to "manager's" closet; permanently attached antenna on exterior of clubhouse.
- Subcontracted Montana Steamworks to steam culvert on creek.
- Performed twice weekly checks of ice melt breakers to ensure they were working properly.
- Managed heat tape system and turned on/off when necessary.
- Subcontracted Security Fire, Inc. to repair leaking riser in unit #40.
- Adjusted gutter downspouts throughout the complex.
- Exposed parking lot drains; Hired Montana Steamworks, Inc. to chip and steam the drains.
- Subcontracted Montana Steamworks, Inc. to steam the culvert and clean up area around unit #3 after the creek got clogged with ice and then backed up to unit #3.



Spanish Peaks Club Condominium Association, Inc.

Project List

Planned for 2012:

Cost:

1. Potential Additional Signage	\$35 per sign
2. Refinishing Front Doors	\$6,400
3. Reseal Parking Lot	\$10,000
4. Meter Pit near Building 11	\$10,000
5. Paint Buildings #8 and #9	\$25,000
6. SPC Clubhouse Remodel/Gym Equipment	\$46,000

Future Project Post 2012:

Cost:

7. Unit 33 Landscape Bed Improvements	\$1,035
8. Unit 37 Landscape Bed Improvements	\$1,500
9. Plant "Snow on the Mountain" throughout the Complex	\$1,500
10. Landscaping Bed at West Entry	\$3,500
11. Landscaping Bed at East Entry	\$3,500
12. Paint Two Buildings	\$25,000



Spanish Peaks Club Condominium Association, Inc.

3 Rivers Communications Fiber Optic Installation Update

(Information provided by Jason Luchini, owner of #24 and representative for 3 Rivers Communications)

All SPC units have had the actual fiber optical brought into the closet under the stairs, but only about 10 units have been "cut over". Cut over means that the fiber cable has been terminated and equipment to provide service has been installed & powered on. I think there's been a miscommunication somewhere about this process. SPC owners need to call in to schedule an appointment to get cut over; the install takes about 1.5hrs and there's no charge for customers. The number for our Big Sky office is 406-995-2600.

3 Rivers is launching it's IP-TV product in it's southern region this week. The roll out is starting in Twin Bridges, following by Sheridan, Ennis, and then Big Sky. I would guess it would be available in Big Sky by June/July. You **must** be on fiber to be able to have IP-TV. For more info you can go to: <http://www.3rivers.net/video/3rtv>. I don't believe the page has been updated for Big Sky yet, but they will be offering the Triple Play option (phone, dsl, & TV) starting at \$99/month.

I've been a employee test spot for the IP-TV for the last month and it works great. There's a ton of channels and the HD channels look great. Set top boxes have DVRs built in, and since our units were wired correctly it's relatively easy to TV in any room.

Again, you must be cut over to fiber to have this service. SPC is lucky to have the fiber prepped and inside each unit so cut overs can occur at any time. Most others in Big Sky have to wait until the snow melts. I would recommend owners call in to get cut over before the summer busy season.

Thanks,
Jason Luchini
SPC #24

Big Sky High Speed Internet Service



6 Mb download/1 Mb upload \$49.95/month

One Time activation fee of \$49.95 / Broadband Modem \$49.95 purchase
Data only \$99.95/month

16 Mb download/1 Mb upload \$79.95/month

One Time activation fee of \$49.95 / Broadband Modem \$49.95 purchase
Data only \$129.99

26 Mb download/1 Mb upload \$99.95/month *Fiber only

One Time activation fee of \$49.95 — Data only \$149.95

5 Mb download/ 3 Mb upload \$149.95/month

\$129.95 activation fee — Data only \$199.95

10 Mb download/ 3 Mb upload \$169.95/month

\$129.95 activation fee — Data only \$219.95

15 Mb download/ 3 Mb upload \$649.95/month

\$129.95 activation fee — Data only \$699.95

10 Mb download/ 5 Mb upload \$549.95/month * Fiber only

\$129.95 activation fee — Data only \$599.95

15 Mb download/ 5 Mb upload \$674.95/month * Fiber only

\$129.95 activation fee — Data only \$724.95

20 Mb download/ 5 Mb upload \$749.95/month * Fiber only

\$129.95 activation fee — Data only \$799.95

30 Mb download/ 5 Mb upload \$1249.95/month * Fiber only

\$129.95 activation fee — Data only \$1299.95

50 Mb download/ 5 Mb upload \$1999.95/month * Fiber only

\$129.95 activation fee — Data only \$2049.95

2 Mb download/2 Mb upload \$169.95/month

\$129.95 activation fee and router configuration

4 Mb download/4 Mb upload \$199.95/month

\$129.95 activation fee and router configuration

Download speeds are not guaranteed and vary by location. Actual download speeds depend on a variety of factors, including line conditions and distance from a 3 Rivers central office. DSL service is not available in all areas and is subject to qualification by 3 Rivers.

For details or questions call Kevin McWilliams @ (406) 590-5005