



PO BOX 160099 BIG SKY, MT 59716

Board of Director's Meeting
August 17, 2011 @ 1:00 PM

Big Sky Water and Sewer District Conference Room and via Conference Call

Minutes

I: Call to Order

The meeting was called to order at 1:00 pm by Ernie Filice. In attendance were the following: Judy Nilon (via conference call); Ernie Filice; Todd Chapman; Jim Hammelman (via conference call); Brad Fretz (via conference call); Scott Hammond; Ryan Welch; and Alison Gregory of HPM ("HPM").

II: Financial Report as of 6/30/2011(Exhibit 1)

Mr. Hammelman gave a brief synopsis of the forecast through the end of the year to stay within budget. The following highlights were discussed:

- The Association is expected to be under-budget on the following items:
 - Legal (\$5,000)
 - Assessment Contingency (\$5,000)
 - Improvements (\$5,670)
 - Propane (\$4,800)
- The Association is expected to be over-budget on the following items:
 - Electric-Buildings/Ice melt (\$17,000)
 - Roof Shoveling (\$8,835)
- With all other operating expense items, the assumption is that all other expense categories will be expended as budgeted.
- The operating variance between the expected under-budget items and expected over-budget items is an operating deficit of \$5,365.
- The operating deficit of \$5,365 can be funded through the Betterment/Replacement reserve line item which is expected to have \$8,800 of undesignated cash at year end.
- The remaining portion of \$21,000 in the Betterment/Reserve line item was allocated to the downspout project.
- Therefore, depending on any cost due to weather-related incidents and the downspout project, the Association will have about \$3,400 to use on any other potential projects for the remainder of the year to stay within the budget.

In conclusion, assuming the downspout project cost will be no higher than \$21,000 (as indicated from previous quote information), the major concern that will affect the year-end budget will be related to how soon winter arrives and the associated incremental ice melt system power costs and roof shoveling costs. It is fair to assume, per historical precedence, that the ice melt system will need to be turned on around November 15, 2011. As was the case in previous years, the Board and HPM will monitor the budget outflows as winter approaches. Overall, the Association is expected to be in a balanced budget position.

III: Project List Update (*Exhibit 2*)

Mr. Filice discussed the project list and what has been completed at the complex. The following projects have been completed:

- Buildings #4 and #5 have been painted and caulked.
- The pond improvements have been completed. The only item left to the pond project is adding fish. Fish will be added to the pond in the coming weeks. ***Please note: there is no fishing allowed at the pond.***
- The drainage behind building #8 has been improved and that work is completed.
- The waterfall area improvements have been completed. The area was completely re-landscaped. Over the course of the next year, additional flowers will be planted.
- The front entrance signs for the complex have been moved and are now located in the middle of the Association property with a rock garden around the signs.
- The creek behind buildings #3 and #4 has been completed.
- Metal screens have been installed on the top of the front and back deck supports at the units throughout the complex to help deter swallows from building swallow nests.

The following projects will be completed and/or addressed this year (2011):

- The downspout work for buildings #5, #6, #7, and #8 will begin around the end of September 2011 and will be completed this year.
- The remodel of the back half of the club house will be discussed and implemented. To increase the utilization of the club house, the plan is to consolidate the shower and locker areas and add several pieces of exercise equipment. Also included in this installation are a couple of TV's to be mounted on the wall. This will create a nice workout area.
 - ***Please note: there will NOT be an assessment for this remodel. The cost of the work to be completed will be within the current budget*** and the 2012 budget.
 - The goal is to have the remodel completed by late December. Then, after the first of year, exercise equipment will be added.
 - The Board requested HPM to move forward with request for proposals ("RFPs") for the remodel project and present those RFPs to the Board to begin work in mid-November/early December. Mr. Hammond will work with Mr. Filice marking up the clubhouse blue prints for plans of remodel prior to obtaining estimates.
 - Mr. Hammelman noted the expenses for the remodel should be straddled over two years, scheduled with a smaller payment in 2011 and the remaining balance in 2012.

The following projects will be discussed in 2012:

- Meter Pits: This summer has been a wet summer. We are nearing the end of the summer and the Association has not experienced "dried out" spots on the

complex. As we are starting to cool down and fall/winter is slowly approaching, the meter pit work has been deferred to spring 2012.

- Landscaping Bed at East and West Entry: The Board has requested HPM to obtain estimates for this work. HPM is currently obtaining those estimates and the work/estimates will be discussed next year. This work is well within the budget to be completed in 2012.
- Units 33/37 Landscape Bed Improvements: There is rock and gravel left over from this year's landscape improvements and pond area improvements. Therefore, these areas will be addressed next summer with left over gravel and rock. This work is also well within the budget to be completed in 2012.
- "Snow on the Mountain": Area next to unit #33 was completed this year; that area looks great; more "snow on the mountain" will be planted in 2012.
- Tree Replacement: Ongoing project being addressed each year.

Other project list items discussed were as follows:

- Trail Reroute and Reclamation: Mr. Filice has been in contact with Brian Wheeler with Boyne Inc. Both are supposed to meet in the near future to discuss the relocation of the trail. The Association's desire is to remove easements off of the property. Therefore, this project list item is on hold and will be discussed at a later time if and when a meeting takes place between Mr. Filice and Mr. Wheeler.
- Front Doors: The front doors are in need of some refinishing work. HPM obtained an estimate to refinish all doors at the complex and the cost is \$6,400 or \$116 per door. After discussion, the Board agreed this work could be completed with the painting rotation of buildings. Therefore, this work will be considered to begin in 2012 with the next group of buildings to be painted.

The following items not listed on the project list were discussed:

- No Trespassing Signs: These signs were installed at the complex largely due to an incident that happened between a SPC owner and a neighborhood individual. Both had dogs. The dogs engaged in fighting and both persons attempted to separate the dogs. The neighborhood dog bit the SPC owner and its own owner.
 - The result of this incident caused the following actions: (1) citations were issued [by the Sheriff's Department] to the neighborhood individual for trespassing, dog not on leash, and no control of dog, and (2) the SPC owner was cited for not controlling their dog. The Sheriff's animal control individual highly suggested to display "no trespassing" signs at the complex.
 - Therefore, signs have been installed. The Board agrees the signs do not meet the aesthetical standards for the complex. However, the Board agreed to monitor the success of the signs first. The Board will have changes made to the aesthetics of the signs once they evaluate how effective they are.
 - Mr. Filice commented that he has noticed that the signs have helped. He has seen individuals with their dogs on leashes, as well as more regulated traffic.
 - Discussion will take place among the Board and HPM over the course of the winter to improve the aesthetics of the signs.
- Pool Table in Clubhouse: Pete Avery sold the Association a very nice pool table which was added to the clubhouse. **Thank you Pete!**
- Ice Melt System: The warm zone heat panels in the ice melt system have been experiencing paint finish failure. As a result, flaking of the paint finish is coming off and being found at the complex. The Board and HPM have contacted the

manufacturer and the contractor over the past two years. There has been no response from either. The Board agreed that Ms. Nilon will compose a legal letter regarding this failure and will move forward in a legal matter to address the situation. Mr. Hammond will work with Ms. Nilon on the letter.

IV: Radon Update

As all owners were informed in a letter sent earlier this summer, radon became an issue with the selling of a two units at the complex. Radon levels were tested in those two units and results were above EPA recommended levels. Therefore, radon mitigation systems were activated with the addition of a fan in the "C" unit for the two buildings affected, #4 and #6. Tests were performed after the installation of the fan, and the radon levels dropped to a level equal to the outside air in Big Sky which is well below the EPA recommended level. Great success with the installation of the fan and the system being activated!

With this result and success, the Board discussed moving forward with recommending that the radon mitigation system in every building be activated and a fan installed in each "C" unit. Therefore, the Board and HPM are constructing a letter to go out to the ownership recommending the activation of the radon mitigation system, as well as providing the ownership directions and actions to take place per each owner. More information will follow with a forthcoming letter.

V: New Business

There was no new business to discuss.

VI: Adjournment

The meeting was adjourned at 2:35 pm.

SPC Condominium Association, Inc.
Schedule 1 - Budget to Actual
30-Jun-11

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	55 Units Approved Budget 2011	Actual 6/30/11	(Over)/ Under Budget
Administrative			
Accounting	6,300	2,741	3,559
Corporate Fee	15	15	0
Bank Charges	150	18	132
Insurance	40,800	25,080	15,720
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	982	1,518
Total	61,265	28,836	32,429
Maintenance			
Building Repairs/Maintenance	3,000	2,895	105
Electric - Buildings/Icemelt	57,000	56,398	602
Fireplace Inspections	4,125	2,975	1,150
Fire Suppression Inspect/Maint	5,500	677	4,823
Garbage	9,800	4,756	5,044
Landscaping Maintenance	14,000	6,926	7,074
Improvements	29,870	18,381	11,489
Management	53,485	26,743	26,742
Snow Removal - Roads	15,500	7,600	7,900
Roof Shoveling/Maint./Repairs	2,500	11,335	(8,835)
Water/Sewer - Grounds	3,000	0	3,000
Total	197,780	138,686	59,094
Recreation & Clubhouse			
Electricity	1,900	365	1,535
License	75	0	75
Propane	10,000	0	10,000
Repairs/Maintenance	6,000	3,544	2,456
Supplies	1,000	11	989
Internet Service	600	330	270
Television	1,080	483	597
Water/Sewer	5,000	800	4,200
Total	25,655	5,533	20,122
Total Operating Budget	284,700	173,055	111,645
Reserves			
Roof	2,000	0	2,000
Road	2,000	0	2,000
Betterment/Replacement	29,800	0	29,800
Painting/Staining	21,500	24,700	(3,200)
Total Reserves	55,300	24,700	30,600
Total Budget	340,000	197,755	142,245

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PO Box 160099 Big Sky, MT 59716

Spanish Peaks Condominiums

The Project List 2011/2012

- 1. Paint Buildings #4 and #5**
- 2. Complete Pond and Improve Building #8 Drainage**
- 3. Waterfall Area Improvements and Sign Relocation**
- 4. Complete downspout work on buildings #5, #6, #7, and #8**
- 5. Meter Pits**
- 6. Landscaping Bed at West Entry**
- 7. Landscaping Bed at East Entry**
- 8. Unit 33 Landscape Bed Improvements**
- 9. Unit 37 Landscape Bed Improvements**
- 10. Trail Reroute and Reclamation**
- 11. Plant "snow on the Mountain" throughout the Complex.**
- 12. Little Coyote "Rock Bed"**
- 13. Perennials for Entrances**
- 14. Potential Additional Signage**
- 15. Clubhouse Remodel/Gym Equipment**
- 16. Tree Replacement**
- 17. Swallow Nests**
- 18. Refinishing Front Doors**
- 19. Reseal Parking Lot**