

# Crail Creek Club Condominiums

PO Box 160099 Big Sky, MT 59716

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## **Annual Association Meeting**

September 3, 2010 @ 9:00 am @ Buck's T-4 Lodge

### **MINUTES**

#### **Attending:**

Carol and Bo McClerkin  
Gary Walton  
Kathy Rude  
Dorothea Williams  
Leslie and Ian Cartwright  
Jerry Fishel  
Lance Krieg  
Barbara and Bill Pinna  
Norma and Olin Atkins  
Ray Genellie (via conference call)

#### **Proxy**

John Wescott  
Barbara Miner  
James Bell  
Kaye and Bruce Pallante  
Linda and David Graves  
Carolyn Flad Santee  
Daniel and Paula McQuillen  
William and Patricia Derrer  
Anne Larsen Simonson  
John and Linda Squitero  
Tom and Kathleen O'Connor

#### **Absent**

Marjorie and Clyde DeShields  
Michael and Kem Pollard  
Michael Hickey  
Howard Schutte  
Dustan and Becki McCoy  
Alan and Pat Wanderer  
Dennis Lockhart  
Larry and Gail Glenn  
Patrick and Marilyn Muller Aberle  
Anglin/Levieux  
Ken Wilson

#### **I. Call to Order:**

The meeting was called to order at 9:10 by Jerry Fishel.

- a) Introductions were made around the table. Attending the meeting were the following:  
Carol and Bo McClerkin, Gary Walton, Kathy Rude, Dorothea Williams, Leslie and Ian Cartwright, Jerry Fishel, Lance Krieg, Barbara and Bill Pinna, Norma and Olin Atkins, Ray Genellie (via conference call), Mike Schwarzkopf, Scott Hammond, and Alison Gregory.
- b) Quorum was established.

#### **II. Review of September 4, 2009 Minutes:**

There were no questions or discussions regarding the 2009 annual meeting minutes. Mr. Atkins made a motion to accept the 2009 minutes as presented. Mr. Pinna seconded the motion. All in favor; motion passed.

#### **III. Proposed Budget for Fiscal 2011 and Financial Report (Addendum I):**

Mike Schwarzkopf presented the financial report for the complex. The year ends for Crail Creek December 31, 2010. Mr. Schwarzkopf feels very positive that the Association will not go over budget in the remaining months of the year. There is \$55,192 left to get the Association through the rest of the year. He was complimentary as to the financial management of the budget for 2010. All owners are paid in full. There are no receivables! This is great news. Mr. Schwarzkopf thanked all thirty-two owners for their due diligence in paying dues.

Mr. Hammond interjected and explained why the fire sprinkler inspection/repair line item was over budget by \$5,218. In 2008, the owners of buildings one and two (601-608; only 2 buildings that have fire sprinkler system) were invoiced for recall and replacement of sprinkler heads. The owners paid in 2008. Unfortunately, due to unexpected

circumstances, this project took some time to complete. The completion of the replacement of the heads and start up of system did not take place until 2010. Therefore, the budget shows this line item as a negative but is not in actuality. The monies are available. The situation just did not get resolved until this year.

Mr. Schwarzkopf continued his discussion on the first page of the financials. The budget looks to be in order. There was a small amount over on snow/ice damage. However, it is not by much and is hard to predict year to year what the amount shall be. Finally, the reserves are \$48,020.

One of the owners present asked why so little has been paid out for the water/sewer line item. Mr. Schwarzkopf explained that May and June were such wet months and July was really when the irrigation system was used. He has not received the final billing for the current months. When that bill comes in, he does expect to have more water usage for the irrigation system. However, he does expect there to be savings on water this year.

Mr. Hammond discussed the dues for Crail Creek Condo's. He explained that an owner (Ken Wilson) had come to a BOD meeting earlier in the summer inquiring about the high dues for the Association. Mr. Hammond felt this was a great question and deserved explanation for the entire ownership. Mr. Hammond explained that part of the reason for the high dues is the dues include the BSOA dues. Typically, the BOSA dues are sent to the individual only and not sent to the Association. Crail Creek is the exception. As a courtesy to the owners, the Association receives and pays the bill for the dues for all owners at Crail Creek for the BSOA. Then, Henning and Schwarzkopf, Inc. invoices those BSOA dues with the Crail Creek Association dues. Therefore, the dues are higher. Please note that the BSOA dues are an individual responsibility.

The other aspect to the high dues is the \$50,000 going into the capital reserves. This is an aggressive figure. However, it is important for the owners to understand that by having an aggressive reserve plan; the owners will not have to be special assessed for long term maintenance projects. Mr. Schwarzkopf also explained that with the current economic climate, the lending environment is different than it has been in previous years. It is more difficult to sell. Banks are looking more closely at reserve funds at condominium associations when lending for selling purposes. Therefore, Crail Creek has a healthy reserve account, which is great for selling purposes. This also safeguards the complex as well as maintains values.

Mr. Schwarzkopf continued his financial discussion to the second page of financials, the fund balance statement. The fund balance statement explains where the monies are allocated for each expense. To date, three quarters have been invoiced and paid. Total revenues are \$145,923. The Association has \$6,550 in equity. For 2009, the Association ended the year with a balance of \$63,098. As of 8/27/2010, members' equity is \$69,648. For reserves, the balance is \$107,389 as of 8/27/2010.

Mr. Schwarzkopf moved to the third page of the financials, the balance sheet. The Association has \$177,036.88 cash on hand in the bank. The checking account houses \$53,890.34. The reserve account houses \$123,146.54. Crail Creek Condominium Association is extremely healthy!

Mr. Pinna made a motion to accept the 2011 proposed budget. Mr. McCerkin seconded the motion. All in favor; motion passed.

**IV: Capital Reserve Update (Addendum II):**

Following the financial report, Mr. Fishel skipped to the capital reserve update on the agenda to discuss. The manager's report will be discussed after the capital reserve update. Mr. Krieg spoke on the capital reserve update. Please refer to the attached spreadsheet. The spreadsheet outlines the long term projects for the complex. As indicated by the spreadsheet, each building deck is stained every other year and is roughly \$4,600. The painting/staining five year cycle will begin 2011. Two buildings are painted/stained every year for five years. Current estimate is \$27,500. For 2014, the plan is begin the thirty year cycle for reroofing at the complex. Each year for four years, two buildings would be reroofed. The current estimate for this project per summer is \$164,000. By the end of the roofing project, the ending balance in the capital reserve will be \$3,016. Mr. Krieg thoughts are once the roofs are completed, then maybe the BOD can revisit how much is allocated to the reserve and possibly decrease that amount. This would help decrease dues for the ownership. By having the big projects, such as roofing, completed, it may not be necessary to reserve so much money.

Mr. Hammond then discussed the roof project. He has obtained two estimates from reputable companies, Towle Construction and Cornerstone Management (CMS). CMS just recently completed reroofing the Park Condominiums with a "cold roof". Mr. Hammond has been extremely pleased with the professionalism and work performed by CMS. There have been no leaks since installing the cold roofs at Park. Andy Dreisbach, owner of CMS, is a roof expert. Mr. Hammond walked the complex with Mr. Dreisbach. The estimate give by CMS for the roofs is \$81,000 per building. To have the roofs reroofed, the bylin ice melt system would have to be removed and then remounted on the new roofs. This additional action brought the expense to the \$81,000.

Questions and discussion took place regarding the bylin ice melt system and if it was needed or if there was another solution. Mr. Hammond explained that "cold roofs" were installed at the Park complex. No ice melt system is needed with the cold roofs. The cold roofs are more expensive. However, Mr. Hammond explained that there would be no cost in running an ice melt system. The Park buildings, since the installation of the cold roofs, have had no leaks. CMS can also provide quotes to install cold roofs.

Mr. Hammond also received a bid from Kaighn Towle Construction. This is another reputable company Mr. Hammond has worked with and spoke highly of their work. The estimate given by Mr. Towle was \$56,000 per building. This is a large difference from CMS.

Mr. Pinna asked that HPM obtain more estimates from other contractors. He would also like a construction supervisor in the roofing process other than the actual contractor. He wants to ensure monies are being spent resourcefully. Mr. Hammond agreed that finding out the history/credit history/success of a company is a good idea before diving into a large project such as the roofs. Mr. Hammond will work with the BOD on obtaining estimates from several contractors as well as checking the history and success on those contractors before engaging them for the roofing project.

Ms. Williams asked if HPM could come to her unit #632 to investigate a leak at the front door and chimney. Mr. Hammond agreed to do so immediately and stated that it was most likely from the flashing.

This concluded the discussion on the update of the capital reserve plan.

**V: Manager's Report (Addendum III):**

Mr. Hammond discussed and read through the manager's report highlighting the various projects completed at the complex this year.

One of the main concerns discussed was the bear/trash issues that have been a problem at the complex this summer, as well as all over the meadow village. Mr. Hammond explained that some units are pulling their trash out Sunday night for Monday morning trash pickup. The bears are obviously attracted to the cans left out all night. Several owners asked what can be done about this. Mr. Hammond explained that his crew cannot disturb owners/guests at 6 am every Monday morning by knocking on the door or entering without knowledge to pull the cans out. His suggestion for a solution is to install keypads with codes to all garages. Then, HPM field representatives can punch in codes every Monday morning, pull the cans out, pull the cans back in, and therefore, eliminate the problem with the bears and trash. Mr. Hammond explained that he just needs access to the garages in order to help with this problem. Therefore, the BOD asked Mr. Hammond to get a list of all condo's that already have garage keypads and obtain those condo's that do not. Once that list is compiled, Mr. Hammond can obtain a cost to install garage keypads. HPM will then send out a letter to the ownership explaining the new system to be implemented with regard to trash pickup.

Mrs. McClerkin asked if more aggressive weeding could be completed next summer. Mr. Hammond agreed and promised to improve the weeding at the complex.

Mr. Hammond commented on the aspen tree in front of unit #605. There is an infestation called "weavel" that has occurred with the Aspen trees. It is killing the aspen trees and bushes around the front of the decks. Mr. Hammond expressed the need to aggressively target the bushes and trees next spring (2011) with applicable chemicals to try and save the remaining trees/bushes. The tree in front of #605 will have to be removed. All agreed this needed to be addressed next spring/summer.

Finally, Mr. Hammond agreed to improve the monitoring time for the irrigation system with the weather patterns. Some of the owners were concerned that the system was not getting turned off when there was a lot of rain and was not getting turned on quickly enough when there was no rain. Mr. Hammond agreed that this could be improved upon.

Mr. Hammond thanked the owners for a great year and also thanked Mr. Krieg for painting the entrance sign again for the second year in a row!

**VI: Fire Suppression Sprinkler Status for Condos 601-608:**

Mr. Hammond explained that all sprinkler heads had been reinstalled and paid for. Both buildings are "back in business" with the sprinkler system. The system is running efficiently.

**VII: Election of Board of Directors:**

The positions are as follows of the current board:

- J. Fishel-President

- L. Krieg-Treasurer
- B. Pinna-Secretary
- R. Genellie-Director
- T. O'Connor-Director

Mrs. McClerkin made a motion to accept the current slate as presented. Mr. Atkins seconded the motion. All in favor; motion passed.

## VII: New Business:

Mr. Krieg had some correspondence he wanted to discuss from Mike Pollard (#608). The three items Mr. Pollard would like to discussed are:

- 1) Is there a way to provide guidance on what actions should be taken when renters of a condo create an issue such as excessive noise, parking in a manner that causes safety issues, too many individuals inhabiting a condo, parking an RV on the complex, etc.?
- 2) Determine if the owners would consider *not* renting their properties?
- 3) Determine the feasibility of establishing a conference call for owners to dial into the annual meeting.

After discussion on all three concerns, the following answers were provided:

- 1) It is best if any owner or HPM field representative see or hear anything that is of concern, please feel free to call the owner of that condominium directly and/or let HPM know and HPM will be happy to contact the owner and inform them of the situation at the condo where the guests/renters are.
- 2) Since not renting is not an option and there are several owners who do enjoy renting their properties, the discussion surrounded the topic of how many renters could be in a condo. Mr. Hammond stated, per the rules and Declaration: "Other than family members and/or owner guests, occupancy in two bedroom units is limited to 6 and occupancy in three bedroom units is limited to 8". Therefore, when renting property, the above rule has to be followed. However, the Association cannot deny owners to rent their property. ***Enclosed with these minutes are the Rules and Regulations for the Crail Creek Condominiums for all owners and/or their guests/tenants (Addendum IV).***
- 3) The BOD liked the idea of more owners being able to participate in the annual meeting and would entertain the idea of having a conference call. The BOD and HPM would have to work together to ensure technology would allow a high number of callers to call in and that the technology was advanced enough to handle a large call volume. The other important aspect is that owners would still need to send in a proxy even if attending via conference call.

***\*\*\*\*Please see attached Addendum V from Mr. and Mrs. Rude (#607) who wanted to provide to the owners steps they have taken to address renting concerns.***

## VIII: Adjournment:

Mr. Fishel made a motion to adjourn the meeting at 11:05 am. Mr. Pinna seconded the motion. All in favor; meeting adjourned.

# Addendum I

## Crail Creek Club Condominium Association 2010 Budget to Actual and 2011 Proposed Budget

	Approved 2010	Actual 8/27/10	(Over) Under	Proposed 2011	
<b>EXPENSES</b>					
<b>Administrative:</b>					
BSOA Dues	11,520	8,640	2,880	11,520	1
Insurance	20,100	21,067	(967)	27,420	2
Incorporation Fee	15	15	0	10	
Miscellaneous (Uncollectible Dues)	500	0	500	500	
Office Expenses (Supl/Postage)	1,000	651	349	1,000	
Subtotal	<u>33,135</u>	<u>30,373</u>	<u>2,762</u>	<u>40,450</u>	
<b>Professional Fees:</b>					
Accounting	4,050	2,300	1,750	4,050	
Legal	500	0	500	500	
Management	36,130	23,383	12,747	36,130	
Subtotal	<u>40,680</u>	<u>25,683</u>	<u>14,997</u>	<u>40,680</u>	
<b>Property Maintenance:</b>					
Chimney Cleaning	1,200	1,175	25	1,200	
Fire Sprinkler Inspection/Repairs	1,000	6,218	(5,218)	1,000	
Grounds	14,000	12,350	1,650	14,000	
Maintenance	36,000	27,805	8,195	30,000	3
Snow Plowing	9,000	4,100	4,900	9,000	
Snow Shoveling	1,500	0	1,500	1,500	
Snow/Ice Damage	1,000	2,479	(1,479)	1,000	
Supplies	750	269	481	750	
Tree/Bush Replacement (annual)	3,000	3,742	(742)	3,000	
Window Replacement	2,000	901	1,099	2,000	
Window Washing	5,500	507	4,993	4,200	
	<u>74,950</u>	<u>59,546</u>	<u>15,404</u>	<u>67,650</u>	
<b>Utilities:</b>					
Electricity-Lights	1,800	1,035	765	1,560	
Electric-Bylin	15,500	14,681	819	15,500	
Trash	12,000	7,373	4,627	12,700	4
Water/Sewer	5,500	682	4,818	7,000	
Subtotal	<u>34,800</u>	<u>23,771</u>	<u>11,029</u>	<u>36,760</u>	
Contingency	<u>11,000</u>	<u>0</u>	<u>11,000</u>	<u>5,000</u>	
<b>TOTAL OPERATING EXPENSES</b>	<u>194,565</u>	<u>139,373</u>	<u>55,192</u>	<u>190,540</u>	
<b>RESERVE EXPENSES</b>					
Capital	<u>48,020</u>	<u>0</u>	<u>48,020</u>	<u>49,460</u>	5
Subtotal	<u>48,020</u>	<u>0</u>	<u>48,020</u>	<u>49,460</u>	
<b>TOTAL EXPENSES</b>	<u><u>242,585</u></u>	<u><u>139,373</u></u>	<u><u>103,212</u></u>	<u><u>240,000</u></u>	

### For Management Discussion Only

2010 dues \$6,171.36/year (\$1,542.84/quarter) small unit, and \$8,990.20/year (\$2,247.55/quarter) large unit

2011 dues: \$6,105.60/year (\$1,526.40/quarter) small unit, and \$8,894.40/year (\$2,223.60/quarter) large unit

\* 2011 dues based on proposed budget\*

1. \$360 per owner per year.
2. Current common policy for 8/15/09-8/15/10 is \$22,151.  
Earthquake policy 10/17/09-10/17/10 is \$5,269.
- 3 For deck supports, masonry, and privacy walls.
- 4 Currently \$1,050/month
- 5 Per 30 Reserve Plan

**Crail Creek Club Condominium Association**  
**Statement of Revenues, Expenses, and Changes in Members' Equity**  
**As of August 27, 2010**  
**Year Ending December 31, 2010**

	<u>Operating Fund</u>	<u>Capital Reserves</u>	<u>Total</u>
<b>REVENUES</b>			
Operating Assessments	145,923		145,923
Capital Assessments		36,015	36,015
Reserve Interest		421	421
	<hr/>	<hr/>	<hr/>
Total Revenues	145,923	36,436	182,359
<b>EXPENSES</b>			
<b>Administrative:</b>			
BSOA Dues	8,640		8,640
Insurance	21,067		21,067
Incorporation Fee	15		15
Office Expenses	651		651
Accounting/Bookkeeping	2,300		2,300
Legal	0		0
Management	23,383		23,383
<b>Maintenance:</b>			
Chimney Cleaning	1,175		1,175
Fire Sprinkler Inspection/Repairs	6,218		6,218
Grounds	12,350		12,350
Maintenance	27,805		27,805
Snow Plowing	4,100		4,100
Snow Shoveling	0		0
Snow/Ice Damage	2,479		2,479
Supplies	269		269
Tree/Bush Replacement	3,742		3,742
Window Replacement	901		901
Window Washing	507		507
<b>Utilities:</b>			
Electric - Bylin	14,681		14,681
Electric - Lights	1,035		1,035
Firewood (Paid by Owner)	0		0
Trash	7,373		7,373
Water/Sewer	682		682
Contingency	0		0
	<hr/>	<hr/>	<hr/>
Total Operating Expenses:	139,373		139,373
<b>RESERVE EXPENSES</b>			
Capital Expenses			0
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>139,373</b>	<b>0</b>	<b>139,373</b>
<b>REVENUES OVER EXPENSES</b>	<b>6,550</b>	<b>36,436</b>	<b>42,986</b>
<b>MEMBERS' EQUITY, DECEMBER 31, 2009</b>	<b>63,098</b>	<b>70,953</b>	<b>134,051</b>
Fund Transfers			0
	<hr/>	<hr/>	<hr/>
<b>MEMBERS' EQUITY, AUGUST 27, 2010</b>	<b>69,648</b>	<b>107,389</b>	<b>177,037</b>

For Management Discussion Only

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**Crail Creek Club Condominium Association**  
**Balance Sheet**  
As of August 27, 2010

	Aug 27, 10
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Big Sky Western	53,890.34
Reserve Account	123,146.54
<b>Total Checking/Savings</b>	<u>177,036.88</u>
<b>Total Current Assets</b>	<u>177,036.88</u>
<b>TOTAL ASSETS</b>	<u><u>177,036.88</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Equity</b>	
Retained Assessments	134,050.94
Net Income	<u>42,985.94</u>
<b>Total Equity</b>	<u>177,036.88</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>177,036.88</u></u>



**Crail Creek Club Condominium Association  
2009 and 2010 Approved Budgets  
Year Ending December 31, 2009**

	Approved 2009	Actual 12/31/09	(Over) Under	Approved 2010
<b>EXPENSES</b>				
<b>Administrative:</b>				
BSOA Dues	11,520	11,520	0	11,520
Insurance	20,100	26,507	(6,407)	20,100
Incorporation Fee	15	15	0	15
Miscellaneous (Uncollectible Dues)	500	5,056	(4,556)	500
Office Expenses (Supp/Post/Pager)	750	842	(92)	1,000
Subtotal	<u>32,885</u>	<u>43,940</u>	<u>(11,055)</u>	<u>33,135</u>
<b>Professional Fees:</b>				
Accounting	4,000	3,788	212	4,050
Legal	500	350	150	500
Management	35,075	35,074	1	36,130
Subtotal	<u>39,575</u>	<u>39,212</u>	<u>363</u>	<u>40,680</u>
<b>Property Maintenance:</b>				
Chimney Cleaning	1,200	1,175	25	1,200
Fire Sprinkler Inspection	500	6,881	(6,381)	1,000
Grounds	14,000	19,801	(5,801)	14,000
Maintenance	36,000	24,013	11,987	36,000
Snow Plowing	9,000	8,200	800	9,000
Snow Shoveling	1,500	0	1,500	1,500
Snow/Ice Damage	1,000	1,481	(481)	1,000
Supplies	750	235	515	750
Tree/Bush Replacement (annual)	3,000	1,185	1,815	3,000
Window Replacement	2,000	2,021	(21)	2,000
Window Washing	5,500	4,200	1,300	5,500
	<u>74,450</u>	<u>69,192</u>	<u>5,258</u>	<u>74,950</u>
<b>Utilities:</b>				
Electricity-Lights	1,600	1,536	64	1,800
Electric-Bylin	15,000	14,651	349	15,500
Trash	12,000	12,458	(458)	12,000
Water/Sewer	5,500	8,649	(3,149)	5,500
Subtotal	<u>34,100</u>	<u>37,294</u>	<u>(3,194)</u>	<u>34,800</u>
Contingency	<u>8,500</u>	<u>0</u>	<u>8,500</u>	<u>11,000</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>189,510</u>	<u>189,638</u>	<u>(128)</u>	<u>194,565</u>
<b>RESERVE EXPENSES</b>				
Capital	<u>46,620</u>	<u>9,540</u>	<u>37,080</u>	<u>48,020</u>
Subtotal	<u>46,620</u>	<u>9,540</u>	<u>37,080</u>	<u>48,020</u>
			<u>0</u>	
<b>TOTAL EXPENSES</b>	<u><u>236,130</u></u>	<u><u>189,638</u></u>	<u><u>46,492</u></u>	<u><u>242,585</u></u>

**For Management Discussion Only**

2009 dues: \$6,007.12/year (\$1,501.78/quarter) small unit, and \$8,750.96/year (\$2,187.74/quarter) large unit.  
2010 dues: \$6,171.36/year (\$1,542.84/quarter) small unit, and \$8,990.20/year (\$2,247.55/quarter) large unit.

# The Crail Creek Club Owners Association

## 2010 ANNUAL MEETING TREASURER'S REPORT

### 1. CASH BALANCES

The association has \$53,890.34 in cash as of August 27, 2010 in the operating account with Big Sky Western Bank, and \$123,146.54 in the reserve account also with Big Sky Western Bank.

Capital Reserves balance at the beginning of the year was \$70,953 and has been additionally funded with \$36,015 in membership capital assessments during the first three quarters of 2010 in accordance with amount scheduled per the 30-year capital reserve plan established by the board. The account has also earned interest of \$421. There are no reserve expenses to date for 2010 leaving current capital reserve balance at \$107,389. The 4<sup>th</sup> quarter assessment will be billed 10/1/2010 and add an additional \$12,005 to the reserve fund for projected 12/31/2010 balance of \$119,394 assuming no reserve expense.

### 2. ASSESSMENTS RECEIVABLE

As of August 27, 2010, the accounts receivable balance from owners was \$0!

### 3. ASSESSMENTS AND OTHER INCOME

- X Regular assessments totaling \$145,923 for the first 3 quarters of 2010 have been billed for the year ending December 31, 2010.
- X Reserve account interest earned was \$421 through August 27th. Current interest rate is about 0.62%.
- X Capital reserve income is discussed under cash above.

# Crail Creek Club Contingency Reserve (Disappearing Annual Funding Increase)

# Addendum II

Current Est. Current (5-year cycle - 2 buildings/year - 1 none) NOTE: Current estimate is 27,500  
 Fund Balance 2010 2010 Paint/Stain 20,000 4,600 (each building deck stained every other year)  
 2 Bed Room/Yr. 1,221 Deck Stain 82,000 (30 year cycle beginning in 2014 - 2 buildings/year) NOTE: Current estimate is 164,000  
 3 Bed Room/Yr. 1,780 Roofing 5,500 (Every 5 years beginning in 2012)  
 # Units 16 Asphalt 5,000 (trees, shrubs, etc.) NOTE: To be handled in operating budget  
 3 BR Multiplier 146% Misc. 0  
 Earnings Rate 1.00% Net of 30% Fed + 6% State  
 Inflation Rate 3.00%  
 NOTE: Can be increased with CDs

Year	Beginning Balance	New Deposits	Fund Earnings	Paint/ Stain	Deck Stain	Roofing	Asphalt	Misc.	Ending Balance	Inflation Factor
2010	134,000	48,014	1,580 N	0 Y	4,600 N	0 N	0 N	0	178,994	1.000000
2011	178,994	49,455	2,037 Y	20,600 Y	4,738 N	0 N	0 N	0	205,148	1.030000
2012	205,148	50,938	2,306 Y	21,218 Y	4,880 N	0 Y	5,835 N	0	226,459	1.060900
2013	226,459	52,466	2,527 Y	21,855 Y	5,027 N	0 N	0 N	0	254,571	1.092727
2014	254,571	54,040	2,816 Y	22,510 Y	5,177 Y	92,292 N	0 N	0	191,448	1.125509
2015	191,448	55,662	2,193 N	0 Y	5,333 Y	95,060 N	0 N	0	148,910	1.159274
2016	148,910	57,331	1,776 Y	23,881 Y	5,493 Y	97,912 N	0 N	0	80,731	1.194052
2017	80,731	59,051	1,103 Y	24,597 Y	5,657 Y	100,850 Y	6,764 N	0	3,016	1.229874
2018	3,016	60,823	334 Y	25,335 Y	5,827 N	0 N	0 N	0	33,010	1.266770
2019	33,010	60,823	634 Y	26,095 Y	6,002 N	0 N	0 N	0	62,370	1.304773
2020	62,370	60,823	928 N	0 Y	6,182 N	0 N	0 N	0	117,939	1.343916
2021	117,939	60,823	1,484 Y	27,685 Y	6,367 N	0 N	0 N	0	146,193	1.384234
2022	146,193	60,823	1,766 Y	28,515 Y	6,559 N	0 Y	7,842 N	0	165,867	1.425761
2023	165,867	60,823	1,963 Y	29,371 Y	6,755 N	0 N	0 N	0	192,527	1.468534
2024	192,527	60,823	2,229 Y	30,252 Y	6,958 N	0 N	0 N	0	218,370	1.512590
2025	218,370	60,823	2,488 N	0 Y	7,167 N	0 N	0 N	0	274,514	1.557967
2026	274,514	60,823	3,049 Y	32,094 Y	7,382 N	0 N	0 N	0	298,910	1.604706
2027	298,910	60,823	3,293 Y	33,057 Y	7,603 N	0 Y	9,091 N	0	313,276	1.652848
2028	313,276	60,823	3,437 Y	34,049 Y	7,831 N	0 N	0 N	0	335,656	1.702433
2029	335,656	60,823	3,661 Y	35,070 Y	8,066 N	0 N	0 N	0	357,003	1.753506
2030	357,003	60,823	3,874 N	0 Y	8,308 N	0 N	0 N	0	413,392	1.806111
2031	413,392	60,823	4,438 Y	37,206 Y	8,567 N	0 N	0 N	0	432,890	1.860295
2032	432,890	60,823	4,633 Y	38,322 Y	8,814 N	0 Y	10,539 N	0	440,671	1.916103
2033	440,671	60,823	4,711 Y	39,472 Y	9,079 N	0 N	0 N	0	457,655	1.973587
2034	457,655	60,823	4,881 Y	40,656 Y	9,351 N	0 N	0 N	0	473,352	2.032794
2035	473,352	60,823	5,038 N	0 Y	9,631 N	0 N	0 N	0	529,581	2.093778
2036	529,581	60,823	5,600 Y	43,132 Y	9,920 N	0 N	0 N	0	542,952	2.156591
2037	542,952	60,823	5,734 Y	44,426 Y	10,218 N	0 Y	12,217 N	0	552,918	2.221289
2038	542,918	60,823	5,731 Y	45,759 Y	10,524 N	0 N	0 N	0	552,918	2.287928
2039	552,918	60,823	5,833 Y	47,131 Y	10,840 N	0 N	0 N	0	561,603	2.356566



Crail Creek Club Condominiums

Annual Meeting

September 3, 2010 @ 9:00 AM

***Manager's Report***

Thank you so much for allowing Hammond Property Management the opportunity to service the Crail Creek Club Condominiums this year. We have enjoyed the services we have performed at Crail Creek and hope they exceed your expectations. Below is a list of projects completed in 2010 outside of routine maintenance. Please review the following:

➤ **Fall/Winter 2009:**

- Ⓢ Fired up fire suppression system for units 605-608 and brought systems up to code.
- Ⓢ Closed all foundation vents.
- Ⓢ Turned on Bylin Ice Melt System.
- Ⓢ Winterized Irrigation System.
- Ⓢ Completed final window replacements with All City Glass for failed windows on units throughout the complex.

➤ **Winter 2010:**

- Ⓢ Shoveled ice/snow on walkways throughout complex.
- Ⓢ Hired Montana Steamworks to shovel snow off roofs throughout complex.
- Ⓢ Hired Amp Electric to perform electrical repairs on heat tape system.
- Ⓢ Replaced street light bulbs throughout complex.

➤ **Spring 2010:**

- Ⓢ Removed snow delineators throughout complex.

- Ⓢ Shut off Bylin Ice Melt System.
- Ⓢ Relocated upset rocks where 3 Rivers/Blaskoch fiber optic work was performed.
- Ⓢ Supervised installation of diverters/flushing on 8 "end" units by Riverview Builders.
- Ⓢ Performed spring walkthrough of grounds; found irrigation breaks and scheduled repair.
- Ⓢ Repaired broken window at unit #629 that was hit by a golf ball.
- Ⓢ Replaced all heads in units 601-604; fired up the fire suppression system and brought system to code.
- Ⓢ Opened all foundation vents.
- Ⓢ Supervised exterior window washing with Millworks 58.
- Ⓢ Supervised chimney inspections and cleans with Canyon Chimney.

➤ **Summer 2010:**

- Ⓢ Planted flowers in wagon at entrance of complex.
- Ⓢ Obtained log cap quotes; Gained approval from the BOD; scheduled work.
- Ⓢ Installed copper caps on deck posts.
- Ⓢ Obtained deck staining quotes; gained approval from the BOD; began work on units 605-608; 613-616; 621-624; 629-632.
- Ⓢ Replaced trim board on the back side of unit #632.
- Ⓢ Repaired trim boards at units #630 and #631.
- Ⓢ Cleaned up ditch area by unit #616 from work performed by 3 Rivers.
- Ⓢ Obtained quotes for painting chimney tops.
- Ⓢ Placed grass seed on golf course side where trench work was performed.
- Ⓢ Discussed tree replacement options with landscaping contractor Dave Schwalbe.
- Ⓢ Supervised trash pickups and cleaned up trash after encounters with bears.
- Ⓢ Performed shrub and bush replacement throughout the complex.
- Ⓢ Re-caulked and re-grouted tile steps.
- Ⓢ Obtained estimates for roof work from reputable contractors (Kaighn Towle Construction and Cornerstone Management).
- Ⓢ Obtained estimate for reseal work from American Seal Coating company.
- Ⓢ Pruned bushes throughout complex.
- Ⓢ Replaced light bulbs throughout complex.
- Ⓢ Adjusted irrigation heads and made repairs on irrigation heads.
- Ⓢ Scheduled painting of green chimney caps with Dependable Paint.

As always, it has been our pleasure serving the Crail Creek Club Condominiums. Thank you for allowing us to be your management company.

Sincerely,

Hammond Property Management

## Addendum IV

### **Association of Unit Owners Crail Creek Club Condominium Rules and Regulation Summary September 2010**

Crail Creek Club owners include full time residents, part-time residents that do not rent out their unit, and part-time residents who do rent out their unit. When the owners association was created, by-laws and declarations were filed with the county designed to protect the rights of all the owners. These by-laws and declarations are a legal part of the contracts an owner signed when they purchased a Crail Creek Club condominium. In short, they apply to all owners. There is a well-defined process for amending both the by-laws and declarations and a number of adopted, however, the current by-laws and declarations are our governing documents. The following rules and regulations have been taken from the by-laws and declarations, which should be included in your original purchase documents.

- 1. Pets.** Owners may keep household pets. Renters may not keep pets. Pets must be under constant supervision of owners when on premises. Pet owners shall be responsible for the cleanup and policing of their pets. The Association shall have the power to remove any pet that causes a disturbance, which is unruly or which is in violation of any rules pertaining to pets. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation. (3<sup>rd</sup> Add to Dec. pg 1) Gallatin County dog control ordinances require that any dog off the premises of the owner, which includes Condominium common areas, be under immediate control by a reasonable leash, tether, lead, or other physical control devise, hand control, voice control, or signal control of a capable person.
- 2. Decks.** No unsightly conditions shall be maintained on any patio, porch, or deck. Decks may not be used for storage. Appropriate furniture is OK during summer months but must be stored off decks during the winter (Dec. Pg 24).
- 3. Barbecues.** BBQs, hibachis, or cooking appliances may not be used on decks, (1<sup>st</sup> Add to Bylaws, Pg. 2). BBQ grills are only to be stored and used on the concrete pads provided at ground level.
- 4. Trash.** Trash bins are to remain in garages except on or immediately preceding or following the day of collection (Dec. Pg. 24).
- 5. Appearance.** Activities that are detrimental to the appearance of the complex, such as fresh-air drying of clothes, are prohibited (Dec. Pg. 24).
- 6. Vehicle Parking.** House trailers, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, motorcycles, all terrain vehicles, snowmobiles, snowmobile trailers or vehicles other than conventional automobiles and trucks may not be parked or

stored upon the premises of the Condominiums or in any parking area benefiting the Condominium (Dec. Pg. 24).

7. **Advertising.** Advertising signs or other advertising devices, including “For Sale” signs, may not be displayed where they are visible from the exterior of a unit or on the common elements without written permission from the Association (Dec. Pg. 25).
8. **Exterior Modifications.** No alteration or structural modifications to any common elements or exterior is permitted without Board approval (Dec. Pg. 23 & Pg. 26).
9. **Interior Alterations.** All alterations to limited common elements as well as those in the interior of your unit need approval of the Board (Dec. Pg 28).
10. **Window Coverings.** Window curtains, dressings, and coverings shall show white, beige, or natural wood to the outside (1<sup>st</sup> Add to Bylaws. Pg. 2).
11. **Weapons.** The use of firearms, air rifles, pellet or BB guns, bows, and arrows, or similar dangerous weapons is expressly prohibited (Dec. Pg. 23).
12. **Offensive Activities.** No immoral, improper, unlawful, offensive, or unreasonably noisy activities in your unit or on common elements are permitted (Dec. Pg. 23).
13. **Insurance.** You cannot keep anything in your unit or on common elements that will increase the rate of insurance (Dec. Pg. 23).
14. **Occupancy.** Other than family members and/or owner guests, occupancy in two bedroom units is limited to 6 and occupancy in three bedroom units is limited to 8 (2<sup>nd</sup> Add to Dec. Pg 1).
15. **Subdivision and Timeshares.** No unit may be divided or subdivided into a smaller unit (Dec. Pg. 32). Timeshares are not allowed in any form (2<sup>nd</sup> Add to Dec. Pg. 2).
16. **Access.** The Association and its managers shall have access to your unit as necessary for maintenance or repair of limited common elements (Dec. Pg 25 and 33). W will always attempt to contact you before accessing your unit.



## Addendum V

September 8, 2010

Mr. Jerome Fishel, President  
Crail Creek Club Condominium Board of Directors  
P.O. Box 161884  
Big Sky, MT 59716

Dear Jerry,

Thank you for the discussion at the recent Annual Meeting regarding some of the members' concerns with renter activities, a few specific to our unit at 607. Joe and I appreciate being made aware of the issues. We have taken the following steps:

- 1) We have asked Resort Property Management (rpmbigsky.com) to limit the future rental of our unit to a maximum of 8 persons, as per the by-laws. We were unaware of this by-law limitation, and therefore, did occasionally rent our unit for up to 10 persons in the past. We apologize for any problems this caused the Association members. (It is likely that the other 3-bedroom Crail Creek units managed by RPM or other management companies may also have advertised 10 person occupancy but those owners will need to make their own adjustments).
- 2) We discussed with RPM, the neighbors' concerns that outside lights are left on after departure, that renters need to park in the garage or on the attached car pad thereby leaving clear access to neighboring garages, and that the trash receptacles be returned inside the garage on the day of pick-up if possible. I am confident RPM will be diligent in handling these requests.
- 3) We will post a notice inside our garage regarding (a) parking areas/extra cars and (b) keeping the trash receptacle inside the garage for property managers to handle early Monday mornings.
- 4) If Hammond Property Management finds reasonably priced keypads for Crail Creek members, we will be glad to have this installed for trash receptacle removal.
- 5) We and RPM are reviewing bookings which have already been confirmed for the upcoming season to mitigate any rentals that may have more than 8 persons booked.
- 6) Finally, if other issues arise with specific renters, please feel free to call on RPM and they will handle the concerns immediately. They are located in the River Rock Lodge in West Fork Meadows, (406) 995-4455. They are open 24 hours a

day during the winter and summer season, reduced hours during the off-season.  
We find them to be very pleasant and professional.

I hope that this adequately addresses members' concerns, at least from the standpoint of our unit #607 and will result in an improved neighborly environment for all of the Association. Jerry, please let me know if other follow-up actions that need to be discussed. Again, thank you and great meeting!

Sincerely,

Kathryn J. Rude

CC: Resort Property Management  
Hammond Property Management  
#608 Michael and Kem Pollard  
#606 James and Yvonne Bell  
#605 Lance and Sheila Krieg