

**Crail Creek Club Condominiums**  
**PO Box 160099 Big Sky, MT 59716**

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*Board of Directors Meeting  
December 2, 2010 @ 11:00 am (MT Time)  
Held by Teleconference and meeting at Hammond Property Offices*

***Minutes***

**I. Call To Order**

The meeting was called to order at 11:00 am. In attendance were the following: Jerry Fishel, Lance Krieg, Ray Genellie (via conference call), Tom O'Connor (via conference call), Bill Pinna (via conference call), Scott Hammond, Steve DiTullio, and Alison Gregory.

**II. Approval of Board Meeting Minutes – June 26, 2010**

Mr. Krieg made a motion to accept the June 26, 2010 Board meeting minutes. Mr. Genellie seconded the motion. All in favor; motion passed.

**III. Approval of Annual Meeting Minutes – September 3, 2010**

Mr. Krieg made a motion to accept the annual meeting minutes. Mr. Genellie seconded the motion. All in favor; motion passed.

**IV. Fire Suppression System – Final Report**

Mr. Hammond explained there was repair work performed in the fall in both buildings 1 and 2 on the sprinkler heads to maintain proper freeze points. There were also some leaky heads that were repaired. Mr. Hammond explained no new heads were needed in the units and the system was to stay in place as is. The Association has budgeted \$\$1,000.00 for the annual fire suppression system inspection. This is sufficient for the two buildings supporting the system.

**V. Feasibility of Owner Dial-In to Annual Meeting**

At the annual meeting, the Board asked Ms. Gregory to research conference call companies and options to see if there were better options than what we currently use, 3 Rivers. Ms. Gregory presented a few options that would cost more than 3 Rivers and require a more complicated procedure for owners to call in.

After much discussion, the Board agreed to keep the system as simple as possible and continue with using 3 Rivers for conference calls. The number of owners that call into the meeting is small, and upgrading to a more complex system is not needed at this time.

## **VI. Investment of Capital Reserve Fund – See Addendum I**

At the annual meeting, there were suggestions of investing monies from the reserve fund into some type of CD and/or account to increase the rate of return earned by the monies in the reserve fund. Mr. Fishel contacted Ken Wilson (owner of #631) of Merrill Lynch and asked for some appropriate advice on how to invest the money. Mr. Wilson recommended three options:

- 1) Regulate C.D.'s pay less than 0.5%
- 2) Secondary C.D.'s pay approximately 0.8%
- 3) Ten Year Treasuries pay approximately 2.5%

Mr. Krieg also researched options and believes \$100,000.00 should be placed in one or more accounts with duration of up to four years. Some of his options were:

- 1) 12 month variable CD at Big Sky Western Bank
- 2) HSBC index-linked CD (4 years)
- 3) GNMA CMO (2.6 years)

There are several safe options. Mr. Hammond commented that by February, the accountant will have final 2010 numbers and can then make a decision on how much money to leave liquid and how much to invest. Currently, the guess is there will be \$150,000-\$175,000 that can be invested. Mr. Krieg proposed he could talk with Mr. Wilson at that time and have him research again the best options. Mr. Pinna recommended getting a 2% to 3% rate and ensure the investment was secure and there were no hidden charges.

After some discussion, the Board decided to make the investment simple and wait for the final budget numbers and then make a decision. Most of the Board agreed a 12 month variable CD at Big Sky Western Bank would probably be the best option. However, final decisions could be made in February. Mr. Krieg offered to be point person for this project and this discussion would be tabled until February.

## **VII. Signature Authority at Big Sky Western Bank**

Currently, Mr. Fishel and Mr. Hammond have signature authority at Big Sky Western Bank. For the operation side of things, Mr. Hammond and Mr. Fishel are fine to be on the account. However, for the investment side of things, there need to be two Board members to have signature authority. Mr. Krieg feels all Board members need to have authority and access to look at Crail Creek Club Association accounts.

Therefore, Mr. Krieg offered to put together the necessary paperwork from Big Sky Western Bank for the other Board members to have access to examine the Crail Creek Club accounts and to obtain signature authority. Further, this will allow any two board members to be able to perform transfers or withdrawals. Mr. Krieg will mail these packets out to all Board members for them to fill out and return to Hammond Property Management.

Finally, after all the paperwork is returned to Hammond Property Management and submitted to Big Sky Western Bank, the Board can move forward in February investing some reserves into a short term CD.

## **VIII. Accounting Firm Change of Ownership**

### **a. New Owner is Mr. Richard Lindell**

Mr. Fishel explained that Rich Lindell is the new owner of Mike Schwarzkopf's accounting business. Mr. Schwarzkopf sold the business to Mr. Lindell in November. Mr. Schwarzkopf is continuing to work with Mr. Lindell and will be over the next year to ensure he is up to speed with all Associations and accounts. The fee structure will remain the same and services include daily services and tax return services. Mr. Lindell will attend the annual meetings as Mr. Schwarzkopf did.

Mr. Fishel and Mr. Hammond are happy with Mr. Lindell at this point and will remain with him and see how the relationship goes. Mr. Pinna asked Mr. Hammond to send him information on Mr. Lindell. HPM will send contact information to Mr. Pinna after the meeting.

## **IX. New Business**

Mr. Hammond had a sensitive situation that took place between a Crail Creek Club owner and Crail Creek Club tenants. Mr. Hammond brought this situation to the Board's attention to merely get some advice on how to proceed with a solution to the predicament.

After much discussion on the situation, the Board offered suggestions to Mr. Hammond. The Board determined that the dispute is not a Board concern. The Board all agreed it was unfortunate that the two parties did not resolve the dispute at the time it occurred. Mr. Hammond thanked the Board for their input and will work towards resolving the conflict at hand.

There was no other new business to report.

## **X. Adjournment**

Mr. Fishel made a motion to adjourn the meeting at 12:00 pm. Mr. Pinna seconded the motion. All in favor; motion passed; meeting adjourned.

## **ADDENDUM I**

### **I. Discussion with Ken Wilson (10/29/2010)**

Ken Reported:

- a.** Regulate C.D.'s pay less than 0.5%.
- b.** Secondary C.D.'s pay approximately 0.8%.
- c.** Ten Year Treasuries pay approximately 2.5%.

All Investments should be staggered. Some Credit Unions may have a halfway decent rate. Jerry Fishel has not heard from Olin Atkins.