

Townhomes at Crail Ranch

PO Box 160099 Big Sky, MT 59716

Special Membership Meeting

July 13, 2006

10:00 AM

Present:

Mike Sholz
Josie Erickson
Vince Meng
George and Shirley Hagar
Ron and Nancy Kurz
Chad Rothacher
Steve Stephenson and legal representation
Scott Hammond
Ryan D McCarty - Attorney for Association

Proxy:

Craig and Kate McCoy
Lynn Hazlett/Cox
Bill and Tiffany Clark
Beverly McClain
Don Kotula

Meeting was called to order by President Mike Sholz. There was introductions and welcome to all. Scott then acknowledged the receipt of a letter of resignation provided to him by Mike Sholz. Mike commented that after his unanimous re-election at the annual meeting last year there had been discussion and acknowledgement of conflicts of interest concerning his role as a developer of the complex. Mike felt that at this time it would benefit the entire group to resign at this time. Scott then opened the floor for the nomination of a board member/president. Josie Erickson nominated George Hagar (Unit 120) to the president's position. The nomination was seconded by Vince Meng. A motion was passed to elect George Hagar as president of the board. All in favor, Motion Carried.

At that point in time Scott began an explanation and chronological order of events that occurred with regards to the crawl space issues in the meadow side units this spring. As soon as it came to HPM's attention that there was some water seepage in unit #55 crawl space, Scott and Mr. Stephenson inspected the unit. At this point Scott scheduled C&E Foundations to come and inspect the situation. The result of their inspection was an estimate of approximately \$5000.00 to do a negative side sealant of the concrete wall. This cost would have provided 20 lineal feet of sealing and C&E foundations was scheduled. At this point Scott got together with the board of directors and discussed the situation at hand and discussed the mold found in 55, 65, and 15's crawl spaces. The board's reaction to the situation was to schedule for mold mitigation but to also investigate alternative methods to eliminate water penetration into the crawl space. It was suggested to the board and implemented to install gutters in the problem areas as well as improve the grade work around the units to aid the drainage away from the units. The intention of this work was to try and mitigate the problem via these two projects at a lesser expense prior to engaging in the foundation sealing option. Scott also mentioned that the work proposed was for a 20 foot section of the wall and that the concern would be that the

areas not treated in the crawl space would continue to be a problem. At this point C&E foundation's work was cancelled and the gutter and grade work was completed. Anderson Enterprises was contacted to mitigate mold in the problem crawl spaces. Due to the large content of personal items stored in the crawl space of unit 55, Jim Anderson felt it necessary to be personally involved with the mitigation process. Because of a previously scheduled vacation Jim Anderson was unable to provide unit 55 with mold mitigation within a time schedule appropriate with the owner. In response to the disagreement between the contractor and the owner the board offered to pay the owner for mold mitigation. The exact amount of payment is to be determined by what comparable units would cost for Anderson to do it. As part of Anderson Enterprises work in the units there were pre and post mold inspections of the crawl spaces, these inspections were provided by Montana Microbiology. The post inspections proved that the mitigation was successful.

At this point that Mike Sholz explained to the group as a member of BSR partners his position and reason for offering the group \$8000.00. Mike explained as detailed in the letter drafted to the board that it was the partner's effort to assist in funding the mold mitigation in a neighborly fashion. In no way was the letter an offering any admission of responsibility for the problems however, it was an effort to help absorb the cost and most importantly to help keep the matter from extensive and potentially costly legal interactions.

George Hagar then asked Mr. Stephenson to clearly state what he felt the problem was and what he felt an acceptable solution to this problem. Mr. Stephenson and his legal representation then answered that they felt the problem is that there is still water seeping into the crawl space. They acknowledge the mold mitigation was successful but they have concerns that there would be a return of mold into that space because of the continued seepage. Mr. Stephenson stated that all he wants is a mold free living environment. Mr. Stephenson told the group that he felt the water problem was not necessarily an association concern but a building defect. George Hagar then questioned whether the problem truly lies between Mr. Stephenson and the developer and not he and the association. Mr. Stephenson responded with "yes".

At this point some discussion took place with regards to crawl space ownership and modifications. There was discussion of the changes made in Unit 55's crawl space, Mr. Stephenson explained that there was concrete poured in the entire crawl space. Chad Rothacher then commented that the alteration to unit 55's crawl space could have significant effects on the condition of a crawl space. He also mentioned that a small amount of seepage could normally be absorbed by a gravel crawl space floor and not by a concrete pad. The concrete will continually emit moisture into the crawl space during its drying time. Scott added that the likelihood was that during the construction process mold may have been introduced to the crawl space. He elaborated that rain and snow during the framing process could have easily contributed to the mold in the crawl spaces. The mold that was mitigated was not necessarily only from water seepage, but may very well have been there from the beginning. Mike Scholz referred to an extensive soil and geotechnical engineering report that was obtained by the developer prior to the construction of the building. Mike indicated that this report recommended that the meadow side units be built with crawl spaces and not inhabitable basement levels. It allowed for basements on the creek side units, but required construction and design efforts that were not applied the meadow side units. Mike indicated that the crawl spaces were not designed for storage of

personal items or designed as inhabitable spaces. Chad Rothacher then discussed the possibility of a spring that may be providing the water seepage that unit 55 is experiencing. There was discussion of how springs can develop because of construction and ground disruption around them. Chad indicated that the design of the crawl space should be able to handle the small amount of moisture in the units. After further discussion among the group pertaining to crawl space ownership, it was determined that the group needs to review and possibly make suggested changes to the by laws and declarations for clarity purposes. Part of this effort will be to help define crawl space ownership and usage by individual owners. Scott indicated that per the existing by laws and declarations that it is quite clear via percentage of ownership based on square footage that the owners do not own the crawl space, it is a limited common area element. Scott added that the tax base throughout Gallatin County is based on square footage which does not include the crawl spaces in their calculations. Josie Erickson made a motion to table the \$8000.00 offering from BSR Partners pending further legal advice and to establish a quarterly mold inspection of the recently mitigated crawl spaces in an effort to monitor the situation. Motion seconded by Ron Kurz. All in favor, 1 abstention. Motion passed.

George Hagar then told the group that he feels that the Townhomes at Crail Ranch is a wonderful community and he feels that moving forward the complex can be one of unity and place everyone can enjoy their investment and ownership. George also asked for everyone at the meeting to please review the bylaws and declarations and make their suggestion for any changes to them. Scott added that he and his company have had experience with the reviewing and editing by laws and declarations and felt that this is good thing for the association to do and a great time to do it. George mentioned that there seems to be numerous versions of the bylaws and declarations and requested that Scott get an updated version of the by laws and declarations as filed with the county and distribute them to the membership. Scott agreed to do so. There was also an owner's list distributed to everyone with pertinent information. Scott asked that people please fill out an information sheet or email the information to their office so he can maintain the list.

Meeting adjourned