

**Yellowstone Condominium Owners Association
Owners Update
January 3, 2011**

2011 Operating Budget

The Board of Directors has considered and adopted a Budget for 2011 which reflects a **decrease of 15.75%** in Budgeted Operating Expenses compared to last year's Budget. Significant variations from last year's Budget include:

- Elimination of Audit expense of \$2,800. Rationale: The Association By-Laws which were adopted in September, 1973, envisioned that the Manager of the property would maintain the financial records and affairs of the Association. Although this function was transferred many years ago to be performed under the supervision of an independent Certified Public Accountant, the audit has continued to be performed annually. In short, we have been paying for a second CPA to audit the work of our CPA. The Board intends to submit a By-Laws amendment to the Owners for consideration in the near future.
- Reduction of building maintenance costs from \$8,500 to \$3,000 (Building and Building Stain/Decks line items combined). Rationale: The Board is confident that a significantly less costly exterior renovation project, that was presented and adopted in concept at the last Annual Owners meeting, will be approved by the Owners and performed during the coming year. For further details, see the section on "Exterior Renovation Project" below.
- Reduced cost of Property Management Contract. Rationale: The new Property Management Contract that was entered into effective Nov. 1, 2009, with Hammond Property Management (HPM), is approximately \$5,000 less per year for similar services provided by the previous Manager. The remaining \$5,000 difference is for exterior painting services provided annually by the previous Manager that will not be required in the coming year due the aforementioned Exterior Renovation Project.
- Dramatically reduced costs for water and electricity in the Pool area. Rationale: A significant discrepancy in the amount of water our Association has paid for in the past year(s) has been recently discovered by our new Managers. The Pool House, which is on a separate water meter, utilized approximately **1.1 million gallons of water** in the past year. This compares with only 170,000 gallons at Hidden Village and 220,000 gallons at Glacier Condos, both of which are similar in size and design. Obviously there is a failure of the meter or there is a bad subterranean leak somewhere in the plumbing. The higher than expected electricity usage seems to indicate a leak. Constant inflow of cold water into what should be a closed system results in high water heating costs. HPM plans to conduct investigations in early January. The 2011 Budget anticipates increased pool building repairs as a result.
- Increase in costs for firewood. Rationale: Established Association practice is to provide a limited quantity for the ambiance of fireplace use. The Board is committed to providing a reliable supply of firewood for this purpose. Open fireplaces are not effective, economical or efficient ways to heat a condo. Owners or tenants who plan to use firewood as a primary heat source must secure and control their own supply.
- Reduced costs for water for irrigation. Rationale: The amount budgeted for 2011, is consistent with the actual costs for the previous year.

In summary, the Total Budgeted Operating Expenses are anticipated to decrease from \$165,000 to \$139,015, in the coming year. The budgeted Deferred Maintenance Reserve will remain the same at \$10,000. Owners will see this reduction reflected in the quarterly assessment invoices that are included with this update.

Exterior Renovation Project

As referred to in the budget discussion above, progress has been made in recent weeks to plan, finance and implement the exterior renovation project that was presented and adopted in concept at the Annual Owners meeting last August. The Board of Directors has appointed an ad hoc committee with expertise in construction and building maintenance to develop specific recommendations and associated costs to improve the appearance and condition of the 15 buildings that comprise Yellowstone Condominiums. These recommendations will first be presented to the Board of Directors and ultimately to the Owners for approval. If approved the work is anticipated to be initiated and completed during a 3 ½ to 4 month period this coming summer. Members of the ad hoc committee include:

- Bob Doss, Owner of Unit 74. Bob will serve as Chairman of the committee. He is a licensed and bonded General Contractor in California.
- James “Buddy” Baker, Owner of Unit 78. Buddy is the President of the YCOA Board of Directors and will serve as the Board representative on the committee. He is a retired hospital and health system executive with extensive experience in major building programs.
- Kevin Cook, Owner of Units 80, 90 and 92. Kevin is associated with Gene Cook Real Estate in Bozeman. In addition, he owns and operates numerous commercial and residential properties in the region.
- Scott Hammond, Owner and President of Hammond Property Management. Scott has extensive knowledge of the Big Sky construction market and has managed similar projects at other condominium complexes of the same vintage as Yellowstone Condos. He will serve as Owners’ Representative during the duration of the project.

Additional information regarding this exciting project to improve the condition and appearance of our property will be sent to Owners in the near future.

Pets on Condominium Property

The ad hoc committee Chaired by Jean White, Unit 101, is in the process of developing recommendations which will lead to a formal policy for the management of pets on condominium property. Also serving with Jean on this committee are Diane Doss (Unit 74) and David Hanson (Unit 76).

In the interim, all Owners and tenants should be aware that there is there is a leash law in Big Sky required by BSOA. Pet owners should follow common sense practices such as not allowing their pets to run free **unattended** and routinely picking up and properly disposing of their pet’s poop on condo property.

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