

PO Box 160099 Big Sky, MT 59716

**Annual Owners' Meeting**  
March 15, 2013 9:00 AM  
Big Sky Water & Sewer District Building

**I: Call to Order**

Presiding Officer Brad Fretz calls the meeting to order at 9:04 AM. A quorum is established with 25 proxies represented out of 55 owners. Twenty five percent proxy counts is the requirement for a quorum.

Board members in attendance are Brad Fretz of unit 43, Judy Nilon of unit 23, Todd Chapman of unit 55, and Jim Hammelman of unit 11 (via conference call). Owners in attendance are Jane Marsh of unit 46, Donna Fretz of unit 43, Stacey Chapman of unit 55, Jim Colins of unit 23, Jon Christensen of unit 25, Frank Alley of unit 36, Cynthia Garrity of unit 37, Mark Reid of unit 34, and Bob Shanks of unit 30 (via conference call). Also in attendance are Accountant Rich Lindell of Lindell & Associates, P.C.; Scott Hammond, Ryan Welch and Bethany Davies of Hammond Property Management.

(All Directors will be identified by their last names from hereafter in the minutes.)

**II: Approval of the 2012 Annual Meeting Minutes**

Fretz makes a motion to approve the Annual Meeting Minutes of last year. Frank Alley seconds the motion. All are in favor. None oppose. The 2012 Annual Meeting Minutes are approved.

**III: Financial Review**

Accountant Rich Lindell presents the Financial Report (see attachment). First, he reviews the second paragraph of the Accountant's Compilation Report and emphasizes that these financial statements can be understood by an independent party and used by a realtor. He discusses the Statement of Assets, Liabilities & Fund Balances: the total cash funds at the end of 2012 was \$83,358 and is performing well overall; the Fund Balance is up this year over last at \$90,281 and continues to remain strong; reserves contain \$85,281 and the Operating Fund balance is \$5,000. The Statement of Revenues, Expenses and Changes in Fund Balances from January to December of 2012: the total revenues were \$340,148 and the total expenses were \$329,074; by December 31, 2012, the total Fund Balance was \$90,281. Finally, Schedule 1 - Current Year Budget, Proposed Budget and Prior Year document is discussed: Administrative expenses totaled \$41,163, maintenance incurred \$171,566 in expenses and the total paid to toward Recreation & Clubhouse was \$72,605, Reserves currently contain \$43,740; this equates to a total of \$329,074 spent in 2012, compared to the \$340,000 that was originally budgeted.

Hammelman discusses the 2013 Budget. In the past, the HOA has been making improvements such as building the club house and landscaping. The Board would like to begin moving money from the excess fund into the Reserves fund in order to have money available for roof and siding repairs before problems occur. Last year \$45,000 was set aside in the Reserves account; with no increase in annual Association fees, over \$85,000 will be contributed to Reserves this year, nearly twice as much as last year. So far, \$113,000 has been set aside in Reserves this year; by the end of 2013 this number should be around \$150,000. The Capital Plan through 2025 is to have close to \$1.2 million set aside for roof/siding replacement/repairs.

The Association covers Property, General Liability, Directors and Officers and Umbrella Coverage (the property coverage is for guaranteed replacement cost). **According to the Declarations, owners are only required to have a minimum of \$300,000 in liability insurance coverage.** Personal property coverage can be determined by the individual owners. Every year the BOD reassesses the insurance premiums to ensure the HOA is keeping costs at a minimum. The premiums are slowly moving down, this year and last year the premiums are \$33,000; the Board hopes they will be less next year.

Scott Hammond of Hammond Property Management begins by discussing the market conditions for Spanish Peaks Club with information from Eric Ossorio. The market appears to be stable. "SPC continues to show good product selection and turnover. Less than 10% of the units are on the market at any time, which is generally considered to be a healthy ratio."

#### **IV: Property Manager's Report**

Scott Hammond of Hammond Property Management presents the Property Manager's Report (see attachment). He highlighted several important actions that took place at SPC, including the remodel of the Clubhouse to include a gym, working with 3 Rivers to complete wiring for Fiber Optic services to a majority of the units (allowing owners to purchase cable television through 3 Rivers), set up, monitoring, and maintaining a fishable pond, completing the entire Radon project, and repairing 600 feet of non-working heat tape. HPM put out a fire in a dumpster – **If you rent your unit, if you have a professional housekeeper, or if you clean your fireplace yourself, PLEASE DO NOT PUT HOT ASHES IN THE DUMPSTER!**

#### **V: Other Business**

##### **PARKING CONGESTION:**

Several owners have expressed concern with the parking congestion at the complex. Scott Hammond explains that every unit has two parking spots and minimal overflow parking is available. Restricting parking further or reducing the number of parking spaces available is not a viable long-term solution, explains Fretz. The length of the vehicle is an issue in some bottleneck areas around campus. Emergency vehicles in particular, could have difficulty driving through the parking lot between buildings 3 and 6 while snow removal has been hampered frequently as well. Addressing the length and size of a vehicle has been an issue enforced by former president Ernie Filice, adds Cynthia Gerrity, and therefore this type of enforcement has precedence.

Discussion of how to alleviate the parking congestion follows: Nilon asks if units where parking congestion occurs most frequently could be assigned a specific space in the overflow parking; to which Scott Hammond replies, assigned parking in the winter months is challenging, but it is an option. There is a section of real-estate on the north side of the property that could easily be converted to additional parking, Hammond continues, and this could be beneficial for owners in buildings 3 and 6. Limiting the vehicle size to the length of a suburban is recommended by Jim Colins. Allow residents to park in front of their unit temporarily while they unload, he continues, and then they need to park in spots designated for overflow parking. Hammelman and Jim Colins recommend owners take into consideration what a renter drives and how many vehicles renters will have prior to renting out the unit. Donna Fretz suggests that we issue stickers to owners indicating that they are owners at SPC, and for all the renters/guests to have tags that hang from their rear view mirrors, thus making vehicles belonging to the campus easier to recognize. Mark Reid objects to paving this area near the creek and bridge to create additional parking.

##### **SATELLITE DISHES:**

The Declarations and Bylaws state owners cannot affix anything to the exterior of the building without prior permission from the Board. Jim Colins requests the Board send out a letter requesting owners remove their satellite dish from the building. While he is not promoting 3 Rivers, he does have the cable television service through them and is highly impressed. The reception is clear, it is more affordable, they are local, pay local taxes, hire local employees, and you speak with a local representative when you contact their Big Sky office. 3 Rivers will honor their promise to provide credit of up to \$200 to buy an owner out of their current satellite contract. The satellite dishes clutter the exterior of the buildings and the market value of the Spanish Peaks Condominiums could increase with their removal, he continues. Fretz is reluctant to tell owners they cannot have a satellite dish. He would rather consolidate programming to one dish per building. He then requests this discussion continue at the BOD meeting directly following this meeting.

#### CONCRETE PATIO SLABS:

Section 603 of the Declarations specifically state that each owner is responsible for the upkeep of his/her limited common area. The back patios are made part of the limited common area by section 1.10 of the Declarations. Cracked or failing concrete is the owner's responsibility. HPM will help facilitate the repairs to the concrete slabs so that the size, color, and finish match the rest of the complex. If an owner is experiencing cracked or failing concrete on their back patio and they wish to have it repaired, they must first contact HPM and fully understand that payment of the repairs is due to the owner, not the HOA. HPM will look into a reduction in price for multiple units to schedule repairs. Nilon will compose a letter to owners explaining concrete patio slab repair further.

#### RULES AND REGULATIONS:

Rules and Regulations are discussed and the Board would like to see them reviewed and distributed to owners twice a year. Frank Alley suggests two actions: 1) Enforcement of rules, and 2) Refreshing the Rules and Regulations, he particularly emphasizes the parking congestion. Cynthia Garrity would like an updated contact list sent to owners. Laminating and posting a list of rules for owners to post on the refrigerators of all long and short-term rental units is an idea recommended by Scott Hammond. Jim Colins suggests posting the laminated rules over the garage door switch in all garages.

Loraine Filice and Cynthia Lawson are no longer on the Rules Committee, so there are now two new openings. Frank Alley and Cynthia Garrity volunteer to serve on the Rules Committee. Brad Fretz seconds the motion. All are in favor, none oppose. The new 2013 SPC Rules Committee is composed of Judy Nilon, Stacey Chapman, Katie Byrne, Frank Alley, and Cynthia Gerrity. They will meet with Bethany Davies of HPM shortly to discuss updates and changes to the Rules and Regulations. They will create laminated copies, mail them out to all owners, and suggest posting them in garages and on refrigerators.

#### MISCELLANEOUS OTHER BUSINESS:

Signs and banners are not to be displayed in windows or on decks; a French flag was recently found hanging from a deck. Rule enforcement is a concern of Frank Alley.

Jon Christensen asks if the Board will consider individually keyed access to the clubhouse and dumpsters to instantly create accountability to the owners. Individual key code security systems and card security systems are currently available, explains Scott Hammond; but he does not see a need for it at this time. The Board does not feel there are currently enough problems to justify the expense. The video surveillance has eliminated many problems.

#### **V: 2013 Project List**

Scott Hammond discusses the Project List (see attachment). From a Property Management standpoint, he recommends the SPC Association work towards these projects with approval and proper funding in the future. The majority of the long standing project list is completed. The remaining projects are landscape related and can be worked on over time. Painting of the units is an annual expense. Pool Coping is to improve and repair the area where the concrete around the edge of the pool is dilapidated.

#### **VI: Board Member Election**

The Board has solicited nominees from the SPC homeowners. Jane Marsh offers to volunteer her time on the Board. Stacey Chapman nominates Jane Marsh to serve on the BOD. Cynthia Garrity seconds the motion. All are in favor. None oppose. The motion carries. Fretz welcomes Jane Marsh to the Board.

Jim Colins commends the SPC Board for their time and outstanding service.

#### **VII: Adjournment**

Fretz makes a motion to adjourn. Hammelman seconds the motion. All are in favor. None oppose. The meeting adjourns at 10:55 AM.



**SPC Condominium Association, Inc.**

Financial Statements  
As of December 31, 2012 and December 31, 2011  
and Supplementary Information

Richard T. Lindell II, CPA

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**Lindell & Associates PC**

certified public accountant

**Accountant's Compilation Report**

To the Board of Directors and owners of SPC Condominium Association, Inc.:

We have compiled the accompanying balance sheet of SPC Condominium Association, Inc. as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in fund balance for the year ended December 31, 2012 and the accompanying supplementary information contained in Schedule 1 for the years then ended which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management (the board of directors) has elected to omit substantially all of the disclosures, the statement of cash flows, and the statement of comprehensive income required by generally accepted accounting principles. If the omitted disclosures and statements were included in the financial statements, they might influence the user's conclusions about the SPC Condominium Association, Inc.'s financial position and results of operations. Accordingly, these financial statements are intended solely for the information and use by SPC Condominium Association, Inc.'s members and their Board of Directors, and should not be used by others who are not informed about such matters.

The American Institute of Certified Public Accountants has determined that supplementary information about the future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. SPC Condominium Association, Inc. has not presented this supplementary information.

We are not independent with respect to SPC Condominium Association, Inc.

Lindell & Associates P.C.

Big Sky, Montana  
February 7, 2013

**SPC Condominium Association, Inc.**  
**Statement of Assets, Liabilities & Fund Balances**  
**As of December 31, 2012 and December 31, 2011**

	<b>December 31, 2012</b>			<b>12/31/2011</b>
	<u>Operating Fund</u>	<u>Reserve Funds</u>	<u>Total Funds</u>	<u>Total Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 48,333	\$ 35,025	\$ 83,358	\$ 99,491
Due (to) from other funds	\$(49,453)	\$ 49,453	\$ -	\$ -
Assessments receivable	\$ 6,719	\$ 803	\$ 7,522	\$ 440
Prepaid expenses	\$ 3,926	\$ -	\$ 3,926	\$ 2,419
<b>Total Assets</b>	<u><u>\$ 9,527</u></u>	<u><u>\$ 85,281</u></u>	<u><u>\$ 94,810</u></u>	<u><u>\$ 102,350</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,006	\$ -	\$ 3,006	\$ 23,144
Prepaid Assessments	\$ 1,521	\$ -	\$ 1,521	\$ -
<b>Total Liabilities</b>	<u><u>\$ 4,527</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,527</u></u>	<u><u>\$ 23,144</u></u>
<b>FUND BALANCE</b>	<u><u>\$ 5,000</u></u>	<u><u>\$ 85,281</u></u>	<u><u>\$ 90,281</u></u>	<u><u>\$ 79,206</u></u>
<b>Total Liabilities &amp; Fund Balance</b>	<u><u>\$ 9,527</u></u>	<u><u>\$ 85,281</u></u>	<u><u>\$ 94,810</u></u>	<u><u>\$ 102,350</u></u>

SEE ACCOUNTANT'S COMPILATION REPORT

**SPC Condominium Association, Inc.**  
**Statement of Revenues, Expenses and Changes in Fund Balances**  
**January 1, 2012 through December 31, 2012**

	Operating Fund	Painting/ Staining Reserve	Roof Reserve	Road Reserve	Bettermnt/ Replacemt. Reserve	Total
<b>Revenues:</b>						
Assessments	302,000	25,000	9,000	2,000	2,000	340,000
Interest Income	148					148
Miscellaneous Income	0					0
New Unit Revenue	0	0	0	0	0	0
Total Revenues	<u>302,148</u>	<u>25,000</u>	<u>9,000</u>	<u>2,000</u>	<u>2,000</u>	<u>340,148</u>
<b>Expenses:</b>						
<b>Administrative</b>						
Accounting	5,463					5,463
Annual Corp. Report	15					15
Bank Charges	0					0
Insurance	33,899					33,899
Interest	0					0
Legal	0					0
Misc.	504					504
Office / Postage	1,282					1,282
<b>Maintenance</b>						
Building Repairs/Maintenance	3,578					3,578
Electric - Buildings	40,247					40,247
Fireplace Cleaning/Inspections	7,750					7,750
Fire Suppression Inspect. Maint	4,016					4,016
Garbage	9,886					9,886
Improvements	15,958					15,958
Landscaping	17,181					17,181
Management	53,485					53,485
Roof Shoveling/Maint./Repairs	2,107					2,107
Snow Removal - Roads	15,200					15,200
Water/Sewer - Grounds	2,158					2,158
<b>Recreation &amp; Clubhouse</b>						
Electricity	2,961					2,961
Propane	6,644					6,644
Repairs/Maintenance	56,742					56,742
Supplies	701					701
Television	1,849					1,849
Internet Service	544					544
Water/Sewer	3,164					3,164
<b>Reserves</b>						
Roof	0		0			0
Road	0			7,835		7,835
Betterment/Replacement	0				11,205	11,205
Painting/Staining	0	24,700				24,700
Total Expenses	<u>285,334</u>	<u>24,700</u>	<u>0</u>	<u>7,835</u>	<u>11,205</u>	<u>329,074</u>
Excess Revenues over Expenses	16,814	300	9,000	(5,835)	(9,205)	11,074
Fund Balance at 1/1/2012	16,442	19,846	16,813	17,306	8,800	79,207
Fund Transfers in(out)	(28,256)		26,814		1,442	0
Fund Balance at 12/31/2012	<u>5,000</u>	<u>20,146</u>	<u>52,627</u>	<u>11,471</u>	<u>1,037</u>	<u>90,281</u>

SEE ACCOUNTANT'S COMPILATION REPORT

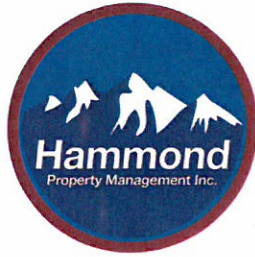
## *Supplementary Information*



**SPC Condominium Association, Inc.**  
**Schedule 1 - Current Year Budget, Proposed Budget, and Prior Year**

	<u>Current Year</u>			<u>55 Units</u>	<u>Prior Year</u>
	<u>55 Units</u>	<u>Actual</u>	<u>(Over)/</u>	<u>Next year</u>	<u>12 Month</u>
	<u>Budget</u>	<u>Expense</u>	<u>Under</u>	<u>Budget</u>	<u>Actual</u>
	<u>12 Months</u>	<u>10/31/12</u>	<u>Budget</u>	<u>2013</u>	<u>Expenses</u>
Administrative					
Accounting	6,300	3,966	2,334	6,300	5,464
Corporate Fee	15	15	0	15	15
Bank Charges	200	0	200	200	142
Insurance	33,000	35,392	(2,392)	33,000	38,902
Interest Expense	1,000	0	1,000	1,000	0
Legal	5,000	0	5,000	5,000	0
Assessment Contingency	5,000	0	5,000	5,000	0
Miscellaneous	500	505	(5)	500	0
Office / Postage	2,500	1,104	1,396	2,500	1,697
Total	53,515	40,982	12,533	53,515	46,220
Maintenance					
Building Repairs/Maintenance	3,000	3,449	(449)	3,000	7,523
Electric - Buildings/Icemelt	65,000	37,413	27,587	58,000	56,992
Fireplace Inspections	4,200	7,750	(3,550)	4,200	3,050
Fire Suppression Inspect/Maint	5,500	4,016	1,484	5,500	5,477
Garbage	9,800	7,688	2,112	9,800	8,875
Landscaping Maintenance	14,000	17,181	(3,181)	14,000	19,165
Improvements	17,285	15,958	1,327	4,725	28,780
Management	53,500	44,571	8,929	55,000	53,485
Snow Removal - Roads	15,500	15,200	300	15,500	11,400
Roof Shoveling/Maint./Repairs	7,000	2,108	4,892	7,000	11,335
Water/Sewer - Grounds	3,000	2,158	842	3,000	2,682
Total	197,785	157,492	40,293	179,725	208,764
Recreation & Clubhouse					
Electricity	1,900	2,555	(655)	1,900	2,178
License	100	0	100	100	0
Propane	10,000	6,403	3,597	6,000	5,310
Repairs/Maintenance	31,000	55,666	(24,666)	6,000	5,993
Supplies	1,000	681	319	1,000	104
Internet Service	600	455	145	600	526
Television	1,100	1,573	(473)	1,100	1,261
Water/Sewer	5,000	3,041	1,959	5,000	4,216
Total	50,700	70,374	(19,674)	21,700	19,588
Total Operating Budget	302,000	268,848	33,152	254,940	274,572
Reserves					
Roof	9,000	0	9,000	61,300	0
Road	2,000	7,835	(5,835)	2,000	0
Betterment/Replacement	2,000	10,825	(8,825)	2,000	21,000
Painting/Staining	25,000	24,700	300	19,760	24,700
Total Reserves	38,000	43,360	(5,360)	85,060	45,700
Total Budget	340,000	312,208	27,792	340,000	320,272

SEE ACCOUNTANT'S COMPILATION REPORT



**hpmmontana.com**

SPC Condominium Association, Inc.  
Annual Meeting  
March 15, 2013

***Manager's Report***

*Hammond Property Management has enjoyed our year of service at the complex and look forward to our relationship continuing in years to come. The following is a list of projects completed at the complex outside of our normal daily tours and maintenance of the complex.*

**Spring/Summer 2012**

- ♦ Change exterior and interior bulbs across the complex as needed throughout the year
- ♦ Cleaned the dumpster areas and picked up trash across campus as needed throughout the year
- ♦ Blue Ribbon Builders completed the remodel of the Clubhouse to include a gym for owners and guests
- ♦ Worked with 3 Rivers to complete wiring for Fiber Optic services to a majority of the units; allowing owners to purchase cable television through 3 Rivers. A couple of units are incomplete due to access issues
- ♦ Exposed sewer drains in parking areas for proper water drainage
- ♦ Steamed frozen downspouts in parking area and repaired damage from ice
- ♦ Picked up Christmas trees throughout campus
- ♦ Cleaned exterior dryer vent in unit #24
- ♦ Re-attached the "Thin Ice" sign on the pond
- ♦ Removed swallow nest and tacked up porch soffit on unit 10
- ♦ Cleaned and vacuumed all entries throughout complex
- ♦ Set up, monitored, and maintained the pond including cleaning the area, installing the pond waterfall pump, preparing for fish, feeding the fish, and monitoring water levels and algae growth
- ♦ Contracted Stonewerx to re-install broken and loose stones throughout campus
- ♦ Sourced estimates to sealcoat the parking areas and roads; awarded American Sealcoating the work
- ♦ Hired Michael Peters to stripe the parking lot and cross hatched entries at 43 and 47





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- ♦ Investigated a hole in SPC 15 garage footer, determined a rock chuck was burrowing in the wall; hired TC1 Wildlife Control to hand capture the rock chuck; patched the footer with concrete
- ♦ Scheduled Forever Green to start up, test, and repair the irrigation system; adjusted irrigation heads for efficiency and clocks to comply with water restrictions
- ♦ Contracted Canyon Chimney Sweeps to complete the annual chimney inspection and clean
- ♦ Engaged Dependable Paint to paint units 28-32, 33-37
- ♦ Hired Old World Accents to refinish the front doors throughout the complex
- ♦ Gallatin Valley Heating replaced pool heater burner, cleaned boilers, installed a new fan and new heat exchange for pool heater on pool boiler, also replaced pool and spa burner orifices specific for our altitude
- ♦ Put pool furniture and parking bumpers out for the season
- ♦ Monitored and completed maintenance in the clubhouse including re-attaching the door molding, changing the code for entry, installing a new spray nozzle, hanging a new exercise sign and camera sign, and servicing clubhouse cameras as needed throughout the year
- ♦ Hired Bozeman Safe & Lock to fix then replace the broken latch on the clubhouse keypad door
- ♦ Engaged Forever Green to install a meter pit next to unit 55 and pave patch at entry
- ♦ Maintained the landscaping including mowing, trimming, and contracted NPK Turf Services to apply weed and feed and noxious weed applications
- ♦ Hired Big Sky Noxious Weed Management to install a deep root fertilizer injection on 172 trees across the complex

## Fall 2012

- ♦ Contracted Gallatin Valley Heating to clean the igniter for pool boiler
- ♦ Cleaned enormous amounts of mud from parking area (near unit 3)
- ♦ Closed pool and brought in furniture
- ♦ Engaged Old World Accents to refinish front doors
- ♦ Brought the parking blocks inside for the season, removed the *No Trespassing* sign for plowing, and put up *Danger Thin Ice* signs around the pond
- ♦ Hired Rocky Mountain Radon to install fans and new roof jacks for units 45, 49, 35; this completed the entire Radon project



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- ♦ Changed trash pickup to once a week on Fridays
- ♦ Hired Security Fire to perform annual fire suppression inspections throughout the entire complex
- ♦ Contracted Gallatin Valley Heating to clean and inspect the clubhouse boiler
- ♦ Cleaned out the pond culvert for drainage
- ♦ Installed a new toilet seat in the bathroom and a locking thermostat cover in the clubhouse

#### **Winter 2012/2013**

- ♦ Monitored the heat-tape system and breakers and knocked icicles throughout the season
- ♦ Scheduled Mountain Home Electric to repair heat tape problems and fix 600 feet of bad heat tape cable for units 5, 6, 7, 29, 32, 41, 42 and installed a larger breaker at meter base after determining the breaker was working at maximum capacity
- ♦ Set up extra garbage pick-ups for the Holiday season
- ♦ Montana Steam Works removed ice dams as needed
- ♦ Tacked up the soffit for unit 12 and installed soffit vents on unit 38 roof eaves with new lift
- ♦ Installed orange cones and *No Parking Snow Storage* signs for the winter season
- ♦ Cut the drywall of the common wall in unit 34, then had Williams Plumbing and Heating repair a leaking sewer pipe elbow
- ♦ Put out a dumpster fire.
- ♦ Replaced three bad photo eyes for exterior lighting on units 20, 24, 43-47